

EXECUTIVE 21st December 2023

Report Title	Housing Revenue Account Draft Budget (HRA) 2024-25 and Medium-Term Financial Plan Proposals
Report Author	Janice Gotts, Executive Director of Finance and Performance - janice.gotts@northnorthants.gov.uk
Lead Member	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there public sector equality duty implications?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number for exemption from publication under Schedule 12A Local Government Act 1974	

List of Appendices

Appendix A – Draft Housing Revenue Account Budgets for 2024/25

Appendix B – Draft Housing Revenue Account – Medium Term Financial Plan

Appendix C – Summary of Reserves

1. Purpose of Report

- 1.1. The Housing Revenue Account (HRA) is a separate ring-fenced account within the Council for the income and expenditure associated with its housing stock. The HRA does not directly impact on the Council's wider General Fund budget or on the level of council tax. Income to the HRA is primarily received through the rents and other charges paid by tenants and leaseholders.
- 1.2. Whilst North Northamptonshire Council must only operate one HRA it will, for a limited period of time, operate two separate Neighbourhood Accounts, these being:
 - the Corby Neighbourhood Account - responsible for the stock that was previously managed by Corby Borough Council and

- the Kettering Neighbourhood Account - responsible for the stock that was previously managed by Kettering Borough Council.
- 1.3. The Council has started to move towards consolidating the two Neighbourhood accounts into a single HRA. This is a substantial piece of work and will require a 30-year Business Plan to be produced that will be informed by the Housing Strategy for North Northamptonshire that is currently being developed. This will consider the challenges faced by the Council across the local housing market and will set out measures to enhance housing options for local residents. This document will form a key element of the overarching strategy for North Northamptonshire which will be reported to Members during 2024/25.
 - 1.4. This report seeks approval for the proposed draft budget for the HRA for 2024/25 and the key principles on which it is based together with the Medium-Term Financial Plan (MTFP) that covers the following four years (2025/26 – 2028/29).
 - 1.5. This report also sets out the proposals regarding rent increases for 2024/25. As required by the Housing Act 1985, council tenants in Kettering and Corby will be consulted regarding these proposals and the outcome of this will be reported back to the meeting of the Executive on 8th February 2024 for consideration. Initial meetings with the Tenants Advisory Panel were held on 16th November 2023 with further meetings scheduled for 21st December 2023 and 18th January 2024.

2. Executive Summary

- 2.1 This report presents the draft Housing Revenue Account (HRA) budget and Medium-Term Financial Plan and sets out the proposals for a rent increase in 2024/25.
- 2.2 The overriding approach as part of the transition to the Unitary council for North Northamptonshire was to ensure that the arrangements were 'safe and legal'. It was determined that for the HRA this would, in the first instance, be best achieved through operating two Neighbourhood Accounts to be combined under a single HRA for North Northamptonshire. Initial planning work has been undertaken during the course of 2023/24 to start to move to a single HRA and this includes developing a new 30-year Business Plan and this will be progressed further during this financial year and 2024/25.
- 2.3 The Government introduced a rent setting formula which covered a 5-year period (2020/21 to 2024/25). The rent setting formula is based on the Consumer Price Index (CPI) for September (of the previous financial year) + 1%. This was introduced following four years of consecutive rent reductions of 1%.
- 2.4 DLUHC (Department for Levelling Up Housing Communities) made an amendment to the rent setting formula for 2023/24 where, due to exceptionally high inflation, CPI in September was 10.1% which would have resulted in rent increases of 11.1%. After a consultation, social rents were capped at 7%.
- 2.5 To help maintain and protect levels of service provision and to continue investment into the housing stock the Council will consult on an average rent

increase of 7.7% for 2024/25. Both the Corby and Kettering Neighbourhood Accounts have increased rents in line with the maximum amount permissible in previous years and this approach continues with this strategy.

- 2.6 Taking into account this increase, the draft Neighbourhood Accounts show a balanced position for 2024/25. A final budget report for the HRA taking into account the outcome of the consultation will be presented to the Executive on 8th February 2024. The proposed rent levels and increases are as follows:

	Original Budget 2023/24	Proposed Change	Draft Budget 2024/25
Kettering	£91.53	£7.05	£98.58
Corby	£86.74	£6.68	£93.42

- 2.7 Beyond 2024/25, the Medium-term position (2025/26 to 2028/29) for the Corby Neighbourhood Account shows a deficit of £0.736m whilst the Kettering Neighbourhood Account shows a surplus of £2.006m. The main reason for the difference between the two Neighbourhood Accounts results from how the loans for self-financing were structured. The Corby Neighbourhood Account is increasing its contribution for the repayment of the loans whereas the Kettering Neighbourhood account is reducing its repayments, and this is as a result of how the loans were structured.
- 2.8 The Medium-Term position assumes that rent increases of 4% are applied each year over the Medium-Term. Rent increases will be subject to an annual consultation with tenants and the rent levels will be dependent on the rent setting formula for 2025/26.

3. Recommendations

- 3.1 It is recommended that the Executive:
- a. Notes the draft 2024/25 Housing Revenue Account Budgets consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account as set out in **Appendix A**, which will be consulted upon with Tenants, which includes:
 - i) an increase in dwelling rents for 2024/25 of 7.7% which adheres to the Department for Levelling Up, Housing and Communities (DLUHC) rent setting formula.
 - b. Notes the draft Housing Revenue Account Medium Term Financial Plan beyond 2024/25 consisting of the Corby Neighbourhood Account and the Kettering Neighbourhood Account, for 2025/26 to 2028/29 as set out in **Appendix B**.
 - c. Notes the forecast reserves for the Corby Neighbourhood Account and the Kettering Neighbourhood Account up to 2028/29 as set out in **Appendix C**.

3.2 Reason for Recommendations

- a. To ensure that the Council complies with its Constitution in setting the budget for North Northamptonshire.

3.3 Alternative Options Considered – This is the start of the formal budget consultation for the HRA and any comments from the consultation will be considered as part of this process.

4. Report Background

Resources and Financial

4.1 Each year social landlords must set rent levels and budgets for the forthcoming financial year and provide each individual tenant with 28 days statutory notice of any proposed changes to their rent. This report sets out the proposals regarding the rents, as well as the expenditure plans for the 2024/25 rent year, together with a draft Medium-Term Financial Plan (MTFP) covering the four-year period 2025/26 to 2028/29.

4.2 The Council housing stock in the Corby Neighbourhood Account comprises 4,535 tenanted and 644 leasehold properties (as of 1st April 2023) with a rent roll of £20.692m in 2023/24. The Kettering Neighbourhood Account comprises 3,597 tenanted and 258 leasehold properties (as of 1st April 2023), with a rent roll of £16.763m. East Northants and Wellingborough Councils had no housing stock having made the decision several years ago to sell their stock. The composition of the Housing Stock for both the Corby and Kettering Neighbourhood Accounts is set out in Table 1 and Table 2.

Type of Property	Number of Bedrooms				Total
	One	Two	Three	Four +	
Flats-Low Rise	651	337	48	1	1,037
Flats-Medium Rise	131	184	112	15	442
Houses	1	654	1,633	236	2,524
Bungalows	309	182	41	0	532
Total	1,092	1,357	1,834	252	4,535

Type of Property	Number of Bedrooms				Total
	One	Two	Three	Four +	
Flats-Low Rise	737	451	2	0	1,190
Flats-Medium Rise	235	120	10	0	365
Houses	25	492	1,008	33	1,558
Bungalows	204	277	3	0	484
Total	1,201	1,340	1,023	33	3,597

- 4.3 The Council is required by law (Local Government and Housing Act 1989, Section 76) to avoid budgeting for a deficit on the HRA. This means the budget must not be based on total HRA revenue reserves falling below zero. In practice the Council is expected to maintain a reasonable balance of HRA reserves to cover contingencies.
- 4.4 The Chief Finance Officer reviews the level of balances required to support the Housing Revenue Account spend annually as part of their risk assessment of the budget. The Executive Director of Finance & Performance has assessed that the minimum level of balances, taking all known risks into account, should remain unchanged at £800k for the Corby Neighbourhood Account and £650k for the Kettering Neighbourhood Account. The minimum balances for the two Neighbourhood Accounts are around 3.5% of the total budget. Details of Reserves together with any estimated movements are set out in **Appendix C**.
- 4.5 It was not feasible to merge the two neighbourhood accounts into one when the legacy councils merged and create the operational changes that were required to ensure a safe and legal service. It is also necessary to develop a 30 Year Business Plan for a single HRA. The Council's Corporate Strategy was approved at the Executive on 18th November 2021, and this sets out its priorities, the objectives to achieve these, key actions, and measures of success. The services delivered within the HRA will continue to support this strategy and will continue to be developed over the forthcoming financial years.
- 4.6 The approach to the HRA budget setting has focused on three key areas for 2024/25 and the following sections of the report take items (i) and (ii) in turn. However, it should be noted that item (iii) will be covered in a separate report to this meeting which covers both the General Fund and HRA Capital Programmes.
- (i) Revenue income and rent and service charge levels.
 - (ii) Revenue expenditure plans that reflect service delivery patterns.
 - (iii) Capital expenditure plans that will deliver essential maintenance to the stock as well as ensuring the Decent Homes Standard is maintained and support the new build programme.

Revenue Income

- 4.7 The HRA receives income primarily from rents paid by tenants and from service charges levied. The draft budgets for 2024/25 have been compiled based on a rent increase of 7.7% which adheres to the current rent setting formula and is the maximum increase permitted. When considering the rental increase it is important to recognise the long-term impact as income foregone is compounded over future years.
- 4.8 The MHCLG policy statement on rents published in February 2019 announced that rents would increase by CPI + 1% from April 2020 and this would be for a period of five years (2020/21 to 2024/25). Members are reminded of the announcement that was made in July 2015 budget statement where all social rents would decrease by 1% each year over the four-year period 2016/17 – 2019/20 during which the cumulative loss of rental income was around £70m for the Corby Neighbourhood Account and around £60m for the Kettering Neighbourhood Account. This will continue to have a significant cumulative impact on the level of income that will be available to the HRA over the course of the 30-year business plan.
- 4.9 The rent in 2024/25 is chargeable over 53 weeks and to ensure that they are not additional pressures in 2025/26 the additional weeks rent in 2024/25 will be transferred to a reserve which will then be transferred from the reserve in 2025/26; this smoothing strategy will then ensure that there are no additional pressures to each of the Neighbourhood Accounts in 2025/26.
- 4.10 The number of Right to Buy (RTB) sales assumed during 2024/25 and the medium term for the Corby Neighbourhood Account is 40 and for the Kettering Neighbourhood Account is 20 – these assumptions will be kept under review. The part year income associated from these sales has been deducted from the 2024/25 income budget.
- 4.11 For 2024/25 it is assumed that 0.9% of the Corby Neighbourhood housing stock will be void at any one time and it is assumed that 2% of the Kettering neighbourhood housing stock will be void at any one time and therefore rent cannot be charged. This reduces the total income expected to be achieved by c£205,000 for the Corby Neighbourhood Account and c£375,000 for the Kettering Neighbourhood Account.
- 4.12 Acquisition and new build programmes increase the number of housing stock for the HRA. It is anticipated that within the Kettering Neighbourhood Account a further 8 homes will be delivered at The Grange during 2024/25 and the part year affect has been reflected into the revenue account for 2024/25. Further schemes will be reflected in the Medium-Term Financial Plan when there is more certainty around the timed delivery of future housing schemes.
- 4.13 In April 2012, the Government “reinvigorated” its Right to Buy (RTB) policy by reducing the eligibility period for RTB sales and increasing the maximum levels of discount. At the same time, the Government introduced a new mechanism that allowed local authorities to retain 100% of the RTB receipts (after some deductions) from the sale of Council Houses above a specified number of RTB

sales set by Government each year for each council (the “RTB threshold”). These are referred to as 1-4-1 Receipts.

4.14 There were two core principles for using 1-4-1 Receipts:

- 1) That 1-4-1 Receipts can only be used to fund no more than 30% of eligible expenditure for the provision of new homes: and
- 2) That 1-4-1 Receipts must be utilised within 3 years of them occurring. In order for the Government to enforce the time period in which expenditure must be accounted for, the standard agreement signed by Councils requires any 1-4-1 Receipts not utilised within the 3-year timeframe to be paid over to the Government, plus interest charged at 4% above base rate compounded every 3 months.

4.15 The previous sovereign Councils (Corby Borough Council and Kettering Borough Council) opted into the 1-4-1 agreement. However, COVID-19 meant that a number of planned new build schemes nationally were delayed as contractors and companies rescheduled their projects. The need to maintain social distancing resulted in a reduction in staff on site which delayed delivery. In response to this the Government temporarily lifted the time period for which 1-4-1 receipts need to be utilised by granting a six-month extension in 2020/21, this extension was then increased to nine months.

4.16 The Government announced a number of changes on how 1-4-1 receipts could be used. These changes came into effect from 1st April 2021 and included.

- Increasing the time limit for the use of the receipts from three to five years – this covers not just future receipts but existing ones (i.e. back to 2017-18).
- That the use of 1-4-1 Receipts to fund eligible expenditure for the provision of new homes be increased from 30% to 40%.
- Introduction of a cap on the use of Right to Buy receipts on acquisitions to help drive new supply with the phased introduction, with the cap limiting acquisitions to 50% of delivery from 1st April 2022, then reducing to 40% from 1st April 2023, and to 30% from 1st April 2024 onwards. The first 20 units of delivery in each year will be excluded.

Service Charges

4.17 The Council can set its own charges for items that attract service charges but must review annually the costs that drive these charges as well as how that money can be utilised.

4.18 Leasehold service charges cover costs that are recharged to leaseholders in year to reflect either the cost of maintaining the fabric of the building or the cost of maintaining the communal areas. Within the Kettering Neighbourhood Account leasehold charges for each building will be estimated and leaseholders will be notified of the charges to be applied for 2024/25. This process is in line with that undertaken in previous years. Within the Corby Neighbourhood

Account, the leaseholders are notified of the charges on becoming a leaseholder.

Revenue Expenditure

- 4.19 The HRA manages expenditure that covers delivery of the general housing management function as well as overheads and capital financing charges. The expenditure costs are categorised into the following six headings, further details are set out in paragraphs 4.19 – 4.33 which follow.
- Repairs & Maintenance
 - General Management
 - Special Services
 - Self- Financing Payments
 - Revenue Contribution to Capital Expenditure
 - Other
- 4.20 The **Repairs and Maintenance** budget includes the general cost of maintaining the Council's housing stock on a day-to-day basis. It includes, repairs requested by tenants, gas repairs and servicing and costs associated with void property repairs and cleaning.
- 4.21 **General Management** costs include the cost of managing the housing service. They include the cost of running the landlord service efficiently and effectively including rent collection and allocating and managing tenancies.
- 4.22 **Special Services** represents the cost of running the Council's sheltered housing schemes for vulnerable residents. It includes all costs of maintaining sheltered housing and the services provided to residents. There are 558 properties across ten sheltered housing schemes in the Corby Neighbourhood Account and 406 properties across nine sheltered housing schemes in the Kettering Neighbourhood Account.
- 4.23 Fundamental changes to the HRA were implemented in April 2012 – this was referred to as '**Self-Financing**'. The Self-Financing settlement abolished the subsidy system and redistributed debt between authorities based on a government assessment of their ability to service the debt. This had the effect of increasing the debt held by most authorities, but in return they no longer had to pay into the national subsidy pot. Nationally there were 136 authorities who were making subsidy payments and these authorities were required to make a payment to the government that amounted to around £13bn. Conversely 35 authorities received a payment of £6bn from Government as they would no longer be receiving a subsidy payment. The self-financing determinations resulted in Corby Borough Council taking on debt of £70.6m and Kettering Borough Council taking on debt of £72.9m.
- 4.24 The self- financing system allows authorities to better plan over the longer term as they no longer face the uncertainty of annual subsidy determinations which were typically announced around December each year notifying authorities of what they will have to pay or receive in subsidy. This means that all authorities

now get to keep all the rent they receive from tenants and are fully responsible for managing their own income and expenditure.

- 4.25 The Government on 29th October 2018 revoked the debt limits that were introduced for HRAs in December 2010 by the Localism Bill under self-financing determinations, by lifting the HRA borrowing cap. This means the Corby and Kettering Neighbourhood Accounts will not be subject to a limit on borrowing.
- 4.26 All borrowing must conform to the Prudential Code which requires that borrowing be affordable and prudent. The 2024/25 budget for the Corby Neighbourhood Account provides for £1.772m to be set aside which will be transferred to the HRA Debt Management Reserve which will be used to part fund the repayment of the next loan of £15m which matures in 2031/32. The outstanding debt on 31st March 2024 and 31st March 2025 is estimated to be £60m.
- 4.27 The Kettering Neighbourhood Account is forecast to have debt of £39.224m as of 31st March 2024. The 2024/25 budget provides for the repayment of a loan of £3.403m, which will reduce the debt to £35.821m, the outstanding debt consists of self-financing debt (£33.000m) and loans to fund new build schemes (£2.821m).
- 4.28 Business cases that set out how and when the HRA will borrow will be developed and submitted for approval when Business Cases arise, this will be in accordance with the Council's Capital Strategy Approval Process.
- 4.29 Under the self-financing regime the HRA holds a depreciation charge that recognises the cost of managing and maintaining the Council stock at the current level. This funding represents a revenue cost to the HRA that is then used to support the capital programme to deliver the required enhancements to the stock to keep it fit for purpose. The **revenue contribution to capital expenditure** as a minimum must equal the depreciation charge, the draft budget for the two Neighbourhood accounts reflects this. Owing to the increase in the value of the stock this has resulted in an increase of £542k for the Corby Neighbourhood Account and £597k for the Kettering Neighbourhood Account. The medium term reflects lower increases as a result of lower rises in the stock valuation.
- 4.30 One of the main areas of risk for the HRA going forward is rent arrears and the management of debt within the rent account. There is a specific risk around the ability to collect this debt as a result of the current economic climate and the pressures on tenants from the cost of living. In addition, the spare room subsidy changes have now been in place for several years and work to manage under occupation is now business as usual.
- 4.31 The Corby Neighbourhood Account includes a provision of £239,000 for Bad Debts for 2024/25 in line with 2023/24. The Kettering Neighbourhood Account includes a provision of £200,000 for Bad Debts for 2024/25 in line with 2023/24. The bad debts provision for future years will be reviewed as part of the budget process. The contribution to Bad Debts is shown under the 'other' expenditure heading which also includes Contingencies, Rents, Rates, Taxes and Other Charges and interest payable.

4.32 The 2023/24 budget included a pay contingency of 4% for both the Corby Neighbourhood Account and the Kettering Neighbourhood Account. The 2023/24 pay award for the majority of staff resulted in a fixed sum increased of £1,925 per employee. This has resulted in a pressure in 2023/24 of around 5% for each of the Neighbourhood Accounts. This has been reflected in the 2024/25 budget together with a pay contingency of 4% for both the Corby Neighbourhood Account and the Kettering Neighbourhood Account.

Medium Term Financial Plan (MTFP)

4.33 The MTFP for both the Corby Neighbourhood Account and the Kettering Neighbourhood Account are detailed at **Appendix B**. The MTFP's contain several assumptions, the main ones are set out in Table 3 below – these assumptions will continue to be reviewed and updated but enable an initial medium-term position to be determined for both Neighbourhood Accounts.

Table 3 - MTFP Assumptions		
Assumption	Corby Neighbourhood Account	Kettering Neighbourhood Account
Income		
Rent Levels	Assumes a 4% increase each year (CPI 3% + 1%)	
RTB Sales	40	20
Void Levels	0.90%	1.50%
Expenditure		
Pay Contingency	4.00% (24/25 – 28/29)	

4.34 The Medium-Term position for the HRA has more certainty than that of the General Fund – largely in part to the self-financing system, however from 2025/26 onwards there is uncertainty as 2024/25 is the last year of the current five-year formula for calculating rents (CPI + 1%) and it is unclear how rents will be calculated from 2025/26.

5. Issues and Choices

5.1 Housing Rents are set by the Housing Rent Regulator – the expectation of the Rent Regulator is that rents are set in line with Government Policy, which is for rents to be increased by CPI + 1% which is based on the rate in September of the previous year – this results in rents for 2024/25 increasing by 7.7% (CPI of 6.7% in September 2023 plus 1%).

5.2 The Housing Rent Regulatory expect all providers to adhere to the rules, should an organisation implement a rise in excess of this amount, it would be necessary to gain approval from the Secretary of State and the authority would need to provide a clear business case as to why an increase above guidelines are required.

5.3 The Council could consider a lower rent increase. A 1% reduction in rental levels would amount to a reduction in the rental yield of around £207k for the Corby

Neighbourhood Account and £168k for the Kettering Neighbourhood Account and the effect of a 1% reduction over the 30-year business plan would be around £6m for the Corby Neighbourhood Account and £5m for the Kettering Neighbourhood Account. The two Neighbourhood Accounts assume a rental increase in line with government guidelines of 7.7% (CPI + 1%). The draft budgets for 2024/25 are in a balanced position. Any changes to the rental levels would require reductions in expenditure.

6. Implications (including financial implications)

6.1 Resources, Financial and Transformation

6.1.1 The Resources and Financial implications are set out within this Report.

6.2 Legal and Governance

6.2.1 The Housing Revenue Account (HRA) is a separate account within the Council that ring-fences the income and expenditure associated with the Council's housing stock and the 2024/25 Draft Budgets and MTFP adhere to this – the HRA can buy support services from the General Fund such as Finance, IT, HR etc and the draft 2024/25 budgets and MTFP reflect this.

6.2.2 The Council is required by law (Local Government and Housing Act 1989, Section 76) to avoid budgeting for a deficit on the HRA. This means the budget must not be based on total HRA revenue reserves falling below zero. The draft budgets show a balanced budget for both the Corby and Kettering Neighbourhood Accounts.

6.2.3 Under the self-financing regime the HRA holds a depreciation charge that recognises the cost of managing and maintaining the Council stock at the current level. This funding represents a revenue cost to the HRA that is then used to support the capital programme to deliver the required enhancements to the stock to keep it fit for purpose. The revenue contribution as a minimum must equal the depreciation charge – the Draft 2024/25 Budget reflects this for both Neighbourhood Accounts and the MTFP reflects assumptions around future property values– although this will be subject to change when future valuations are known.

6.2.4 Borrowing must conform to the Prudential Code which requires that borrowing be affordable and prudent. The draft 2024/25 budgets for both Neighbourhood Accounts comply with this. Business cases will be compiled for any future borrowing that clearly sets out the revenue implications – these will be modelled in the MTFP to ensure affordability and will be the subject of future reports to the Executive.

6.2.5 Whilst there is no statutory requirement to consult on rent levels specifically, there is a statutory requirement to consult on "housing management matters". The approach for the 2024/25 budget will be to continue to consult with tenants through the Tenants Advisory Panel (TAP) and comments will be reported to the meeting of the Executive on 8th February 2024. Initial meetings were held with

the TAP on 16th November 2023 and further meetings are scheduled for 21st December 2023 and 18th January 2024.

- 6.2.6 Council housing landlords are required to give 28 days' notice to all tenants of changes to the rental and charges for the new financial year. This will be achieved should all the recommendations be accepted by Council at the meeting on 22nd February 2024.

6.3 **Relevant Policies and Plans**

- 6.3.1 The budget provides the financial resources to enable the Council to deliver on its plans and meet corporate priorities as set out in the Council's Corporate Plan.

6.4 **Risk**

- 6.4.1 The self-financing valuation and settlement are based on the Council continuing to implement the Government's Rent Restructuring formula and deviation from this could potentially undermine the financial viability of the two Neighbourhood Accounts. The compound impact from rent increases will be fundamental to the sustainability of the two Neighbourhood accounts – the impact of a 1% reduction in rental levels is set out at Section 5.3.
- 6.4.2 The ability to aggregate housing service functions and strategies to ensure consistency across North Northamptonshire remains a challenge going forward.
- 6.4.3 The investment in the existing stock will be based on updated Stock Condition Survey reports – there is a risk that the investment need is greater than resources – if this were the case a further review of the capital programme would be undertaken.
- 6.4.4 In future years there may be a need to harmonise rents as the new authority migrates from the two neighbourhood accounts into a single account. This must recognise the resource requirements needed to deliver a consistent level of housing services.
- 6.4.5 MHCLG as part of the 2021/22 budget process confirmed that the operation of two neighbourhood accounts was a local decision for the council, however, for formal accounting purposes the Council will be required to have one HRA and as such the accounts will be aggregated at the end of the year.
- 6.4.6 The current economic climate could have an impact on the rent collection rates and it is recognised that it may impact on rent arrears for the two Neighbourhood Accounts.
- 6.4.7 Universal Credit (UC) could affect levels of tenant income and further increase rent arrears within the HRA.
- 6.4.8 Compliance with regulatory standards and changes to health and safety legislation particularly regarding fire safety will provide additional challenges over the next few years and could lead to increased costs.

6.5 Consultation

- 6.5.1 If the proposals set out in this report are endorsed, formal consultation on the proposals contained within the Draft Budget 2024/25 will begin on or immediately after 21st December 2023, subject to Executive approval of the draft budget proposals for 2024/25. It will conclude on 26th January 2024 in preparation for the presentation of the final budget proposals to Executive and Council in February 2024.
- 6.5.2 If there are any changes made to any of these proposals following the consultation process, then the effect of this upon the overall budget position will be considered for the final budget paper to Executive on 8th February 2024. This does not predetermine any decision that the Council may make on 22nd February 2024.
- 6.5.3 The purpose of the consultation is to ensure that, when the Final Budget is considered by Council on 22nd February 2024, Members are fully aware of the consultation feedback and are in a position to take it into account when making final decisions. This includes full consideration of any viable alternatives for ways to save money/generate income, if provided.
- 6.5.4 The Corby and Kettering Neighbourhood Accounts budget consultation includes the rent levels, the 2024/25 draft budget proposals, together with the draft Medium Term Financial Plan. The consultation with local residents is via the Tenants Advisory Panel (TAP). Feedback from these meetings will be reported to the meeting of the February Executive who will formally recommend the rent levels and budget proposals to Council for consideration at its meeting on 22nd February 2024.

6.6 Consideration by Scrutiny

- 6.6.1 The Corporate Scrutiny Committee has a critical role to play in scrutinising and reviewing the budget proposals, ensuring that they are subject to rigorous challenge. The Corporate Scrutiny Committee will provide recommendations back to the Executive on the proposals put forward.
- 6.6.2 Scrutiny is a means for councillors not on the Executive to influence the development of Council policies and services and hold decision makers to account. Budget Scrutiny involves councillors reviewing significant proposals from across the draft budget and reporting their conclusions about the deliverability and service impact of these proposals to the Executive. In this way Budget Scrutiny contributes to the development of the final budget proposals and supports local democracy.
- 6.6.3 The scrutiny of the budget proposals will take place after the planned presentation of the 2024/25 budget to Executive on 21st December 2023 and it will complete on 26th January 2024 to feed into the updated budget report to Executive on 8th February 2024.

- 6.6.4 In order to assist in the scrutiny process, it is proposed that separate scrutiny sessions take place across the main service areas of the Council and the scrutiny of the HRA will be included within Adults, Health Partnership and Wellbeing.
- 6.6.5 The relevant senior Council Officers and Executive Member portfolio holders will attend these scrutiny sessions to answer any question put forward by the Committee Members.
- 6.6.6 This will include both the revenue budget and the capital programme for each of the main service areas and each area will attend its respective scrutiny session to present its service and budget plans. The Corporate Scrutiny Committee will scrutinise each plan and may request further details on a particular area, either to be discussed at that session or a subsequent follow up session.
- 6.6.7 To maximise the effectiveness of the planned scrutiny sessions, Scrutiny Members are requested to identify any areas requiring further detailed information prior to the meeting with the Directorates taking place in order that this can be drawn together in preparation for the meeting. This will enable the Corporate Scrutiny Committee to ensure that it has the required information necessary to adequately scrutinise the proposals and provide any subsequent recommendations to the Executive.
- 6.6.8 The outcome from the scrutiny process will be fed back to the Executive at its meeting in February to take into consideration when making its decisions on the budget to recommend to Council on 22nd February 2024.

6.7 **Consideration by Executive Advisory Panel**

- 6.7.1 Not applicable.

6.8 **Equality Implications**

- 6.7.1 None directly from this report

6.9 **Climate and Environment Impact**

- 6.9.1 The ongoing maintenance of existing stock, such as heating replacement, insulation and low energy LED lighting in communal areas also help to increase the energy efficiency of the existing stock. Consideration will be given to new methods of building construction, such as the air source heat pumps that were used at Hampden Crescent.
- 6.9.2 National and international good practice will be considered as technology is changing constantly in this fast-moving sector but, it is clear, that the HRA housing stock will embrace this issue within its programme going forward.

6.10 Community Impact

- 6.10.1 The draft 2024/25 HRA Budgets should not impact on front line service provision and should enable the Council to meet the needs of disabled and older residents to have aids and adaptations fitted to support their independence.
- 6.10.2 Tenants should be positively affected by the investment in dwelling insulation, energy efficiency and changes to heating and communal utility charges. Many have benefited from reduced personal heating charges and a lower split of communal utility costs between all residents benefiting from these services.
- 6.10.3 There is a clear correlation between effective housing and better health outcomes. Community development work undertaken seeks to minimise isolation, particularly with older residents, contributing to improved physical and mental health outcomes and more active communities. We will continue to work with community and voluntary groups, promoting their services and offering practical help where feasible.
- 6.10.4 There are many reasons why tenants may struggle to maintain their tenancies including substance misuse and mental health. We will seek to support tenants in their homes to ensure that they are able to maintain successful tenancies and to reduce the number of evictions and staff will provide support for tenants including financial advice.

6.10 Crime and Disorder Impact

- 6.10.1 There are no specific issues arising from this report.

7. Implications (including financial implications)

7.1 Council Budget Setting Meeting (23/02/23)

Final Budget 2023-24 and Medium-Term Financial Plans, including the Council Tax Resolution

<https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=767&Ver=4>

7.2 Executive Meeting (09/02/23)

Draft Budget 2023-24 and Medium-Term Financial Plans

<https://northnorthants.moderngov.co.uk/ieListDocuments.aspx?CId=142&MId=919&Ver=4>

7.3 Budget Forecast Reports to the Executive and Corporate Scrutiny Committee