

### **Consultation Report Extract Draft Housing Revenue Account (HRA) Budget 2024/25**

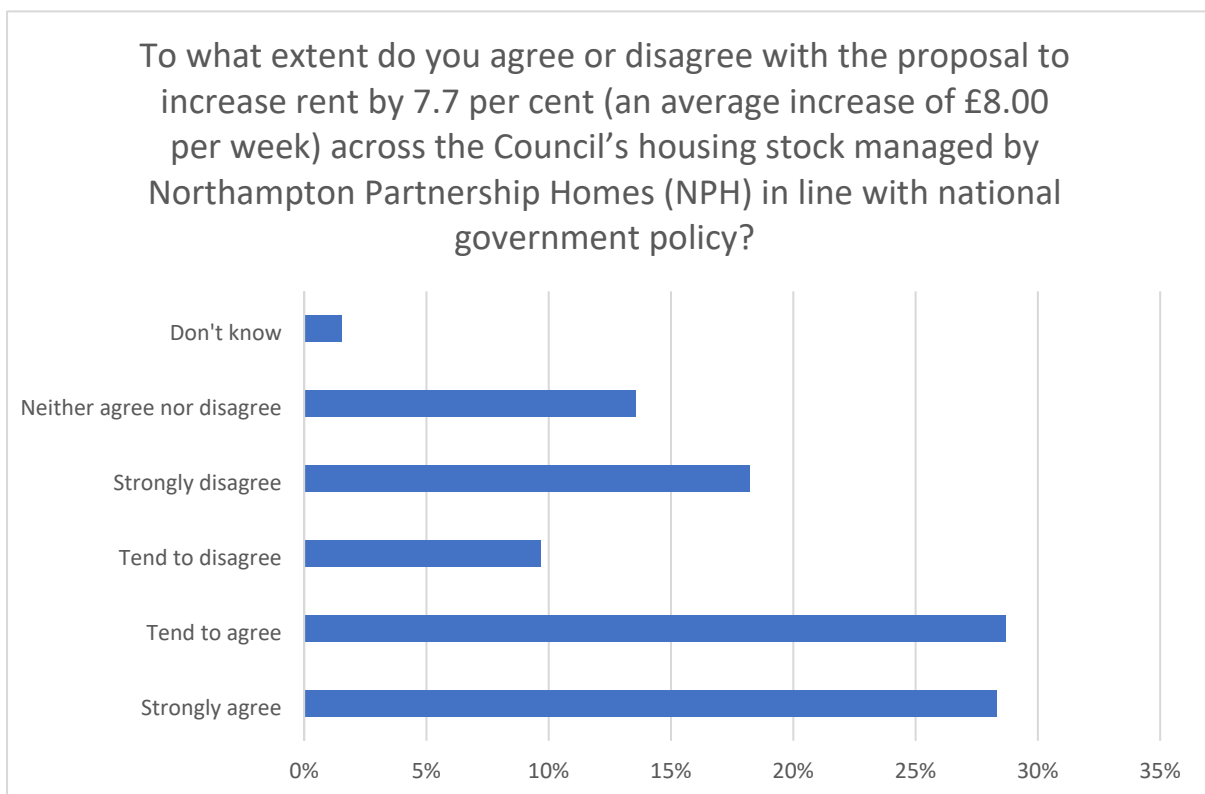
- 4.1. Local housing authorities are required by law to keep a Housing Revenue Account (HRA).
- 4.2. This HRA shows the accounts for the council's housing provision, identifying the major elements of expenditure and how these are funded, mainly from rents. Any money that enters the HRA, can only be spent on social housing and it is the council's responsibility to set a balanced HRA and avoid financial shortfall.
- 4.3. There are strict rules surrounding the costs and income that can be charged to this account. Much of the income and expenditure is dictated by legislation and regulation leaving the council with limited direct control over a number of these budgets.
- 4.4. The council has a housing stock which is managed by its arms-length management organisation, Northampton Partnership Homes (NPH).
- 4.5. The Rent Standard 2023 which is a national policy ordinarily allows annual rent increases on both social rent and affordable rent properties of up to the rate of inflation at September (Consumer Price Index - CPI) plus 1 per cent. The CPI in September 2023 showed an increase of 6.7 per cent due to the high levels of inflation.
- 4.6. The Council and NPH are proposing to increase rent from 1 April 2024 by 7.7 per cent, on average across the Council's housing stock in line with national government policy. This will raise the average rent from £103.79 to £111.79 per week, which is an increase of £8.00 per week. This increase will help to manage the increasing costs that are also being experienced in this area. We continue to provide support to tenants facing difficulties with the increase in rent, by rolling over any unspent funding from the previous year's hardship fund.
- 4.7. This increase ensures we are able to continue to invest in a high-quality housing service for our tenants and any income generated will go back into the Council's housing pot to be spent on maintenance, improvements in energy efficiency, and building new homes. Failure to increase the rents by the statutory amount will not only have a significant impact on income in the current year but also in each future year. It is estimated that a 1 per cent reduction in the rent increase would reduce the rental income by about £0.6 million in the current year.
- 4.8. The Council and NPH are also proposing an increase of 7.7 per cent for tenant and leaseholder service charges, (in line with CPI at September 2023), and to increase garage rents by 7.7 per cent. This will increase the average rent per garage from £10.96 to £11.80 (or 84 pence per week).

- 4.9. Within the HRA there are plans to invest £54m in social housing during the next financial year, which forms part of a total five year capital programme amounting to £279m. Also built into the plans is investment in decarbonisation which is estimated to impact on 500 homes.
- 4.10. The investment in 2024-25 includes:
- £7m on external improvements
  - £11m on internal works improvements
  - £2.3m on disabled adaptations
  - £24m on new build programmes and major projects; and
  - £10m on buying back social housing and for spot purchases of suitable properties.
- 4.11. Respondents were asked to what extent they agreed or disagreed with the proposal to increase rent by 7.7 per cent (an average increase of £8.00 per week) across the Council's housing stock managed by Northampton Partnership Homes (NPH) in line with national government policy. There were 258 responses to this question with 147 stating they strongly agreed or tended to agree, and 72 strongly disagreed or tended to disagree.

**Table 5: To what extent do you agree or disagree with the proposal to increase rent by 7.7 per cent (an average increase of £8.00 per week) across the Council’s housing stock managed by Northampton Partnership Homes (NPH) in line with national government policy?**

Response	Count	Per cent (%)
Strongly agree	73	28%
Tend to agree	74	29%
Tend to disagree	25	10%
Strongly disagree	47	18%
Neither agree nor disagree	35	14%
Don’t know	4	2%

**Chart 4**



4.12. Respondents were invited to provide comments on why they answered in the way that they did, 109 comments were received.

- a) 50 respondents that agreed with the proposal chose to provide comments. Respondents who strongly agree or tend to agree said that social rents are very low and needs to level up with the private sector. Some said that should the stock be better managed, and that properties need to be suitably maintained. A few felt the increase was sensible but were concerned how affordable the rent would be for those on low to no incomes, that households income should be taken into account. Some also felt it unfair that council housing is subsidised.
- b) 11 comments from respondents who neither agree nor disagree. The comments mainly focused around concerns of affordability. Others noted they could not

comment due to not being social housing tenants, messaging was unclear, or unfair on those not renting.

- c) Many of the 46 comments from respondents disagreed with the proposal as they feel social housing tenants, are already struggling financially with the cost of living and that the proposed increase would affect those more vulnerable. They said that the rent was already too high and this along with increases in other areas would cause greater hardship. Some were concerned in finding money to cover the rent increase. A small number of comments noted a lack of understanding or questioned the increase.
- d) The small number of respondents that commented that they didn't know, one was not a tenant and the other noted concern around financial stability.

4.13. Respondents were asked that if they felt the proposal would have a negative impact, what they think that impact would be, they were also invited to provide suggestions on how any potential negative impacts could be avoided. There were 60 comments.

4.14. The most frequently mentioned impact is that the increase would put additional financial pressure on residents including those that are vulnerable, already struggling with the cost of living and everything increasing in cost. The proposal would enhance negative impacts faced by low-income families. Many thought that it was not sensible proposal as it would increase debt and force choices about what essentials can be cut. Some felt that the rise would not matter to those most financially pressed due to benefits, others felt that there will be more people claiming benefits.

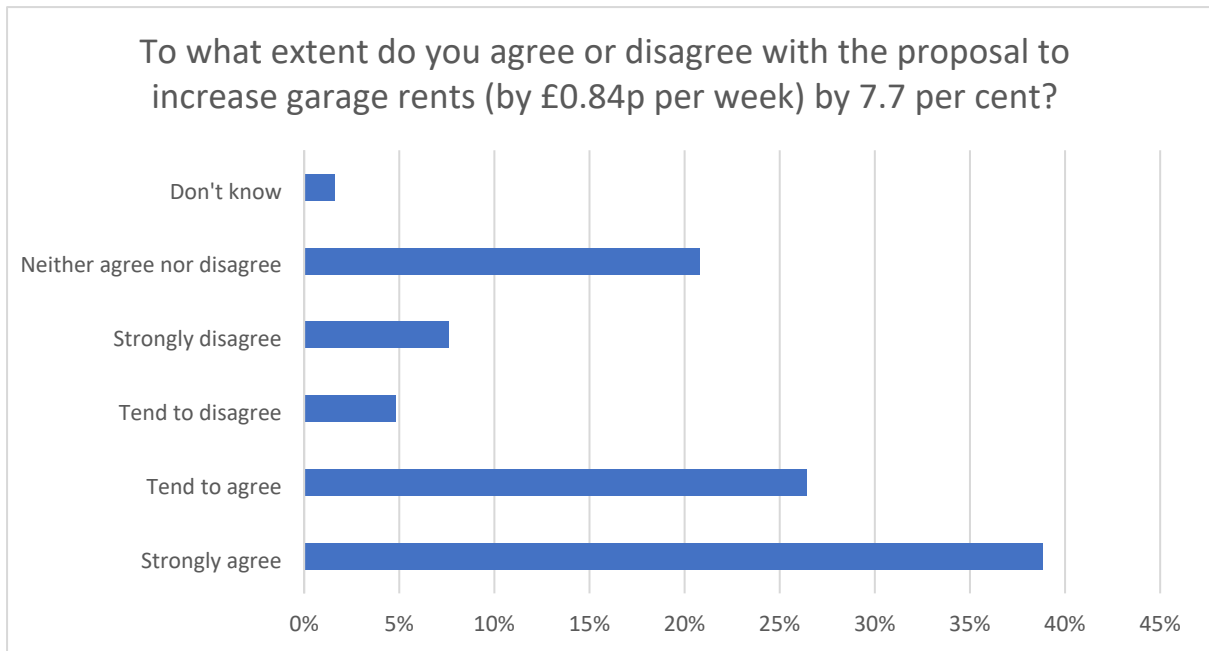
Some suggested introducing the increase in a more managed and stepped way.

4.15. Respondents were asked to what extent they agreed or disagreed in the proposal to increase garage rents (by £0.84p per week) by 7.7 per cent. There were 250 responses to this question with 163 stating they strongly agreed or tended to agree, and 31 strongly disagreed or tended to disagree.

**Table 6: To what extent do you agree or disagree with the proposal to increase garage rents (by £0.84p per week) by 7.7 per cent?**

Response	Count	Per cent (%)
Strongly agree	97	39%
Tend to agree	66	26%
Tend to disagree	12	5%
Strongly disagree	19	8%
Neither agree nor disagree	52	21%
Don't know	4	2%

**Chart 5**

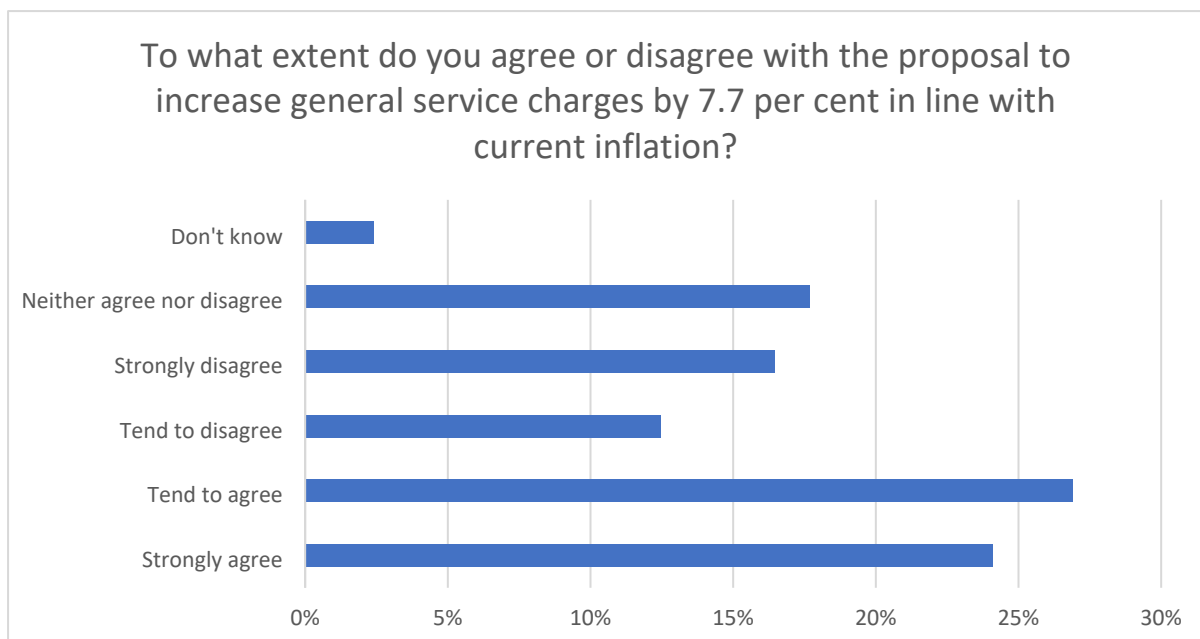


4.16. Respondents were asked to what extent they agreed or disagreed in the proposal to increase general service charges by 7.7 per cent in line with current inflation. There were 249 responses to this question with 127 stating they strongly agreed or tended to agree, and 72 strongly disagreed or tended to disagree.

**Table 7: To what extent do you agree or disagree with the proposal to increase general service charges by 7.7 per cent in line with current inflation?**

Response	Count	Per cent (%)
Strongly agree	60	24%
Tend to agree	67	27%
Tend to disagree	31	12%
Strongly disagree	41	16%
Neither agree nor disagree	44	18%
Don't know	6	2%

**Chart 6**

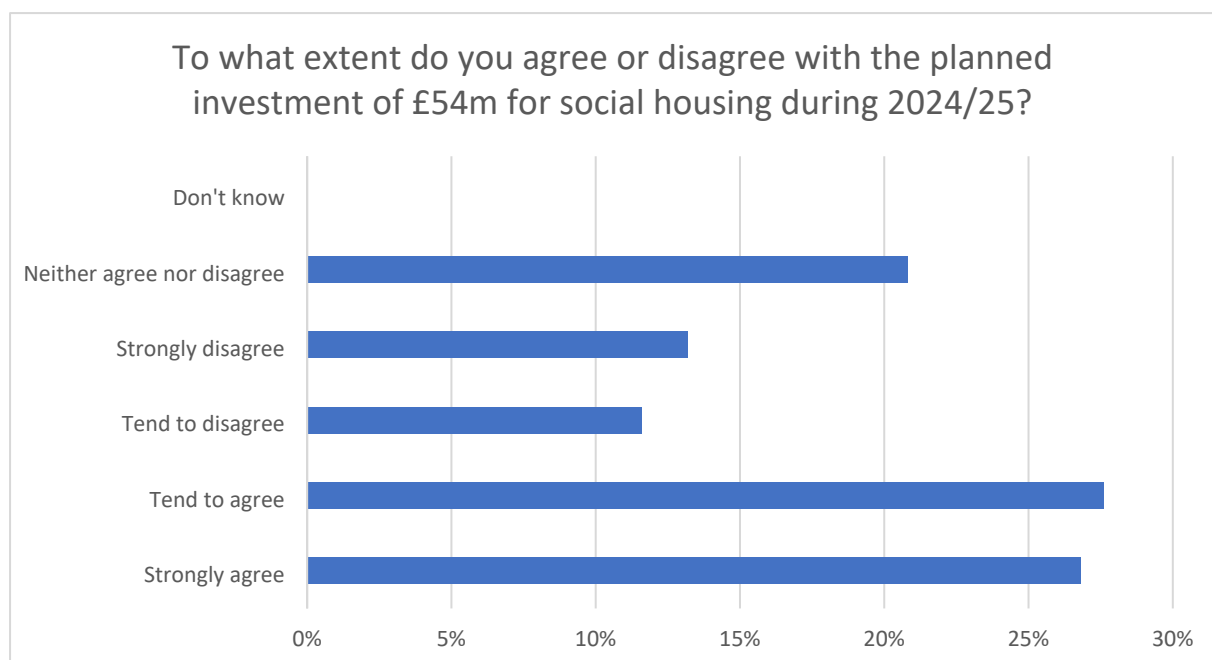


4.17. Within the HRA there are plans to invest £54m in social housing during the next financial year, as part of a total five-year capital programme amounting to £279m. Respondents were asked to what extent they agree or disagree with the planned investment of £54m for social housing during 2024/25. There were 250 responses to this question with 136 stating they strongly agreed or tended to agree, and 62 strongly disagreed or tended to disagree.

**Table 8: Within the HRA there are plans to invest £54m in social housing during the next financial year, as part of a total five-year capital programme amounting to £279m. To what extent do you agree or disagree with the planned investment of £54m for social housing during 2024/25?**

Response	Count	Per cent (%)
Strongly agree	67	27%
Tend to agree	69	28%
Tend to disagree	29	12%
Strongly disagree	33	13%
Neither agree nor disagree	52	21%
Don't know	0	0%

**Chart 7**



4.18. Respondents were invited to provide comments on why they answered in the way that they did, 93 comments were received.

- a) Of those that agree, many felt that they would like to see some reasonable and much needed investment and therefore the proposed is sensible, they would like to see more homes sold by "Right to Buy" replaced like for like as there is not enough social housing suitable for different needs and sizes.
- b) Of those who neither agreed nor disagreed comments were limiting the sale of needed housing stock, more investment needed in repairs and maintenance, that evidence is needed for any investment, that housing should be bought in-house.
- c) Comments where respondents disagreed mainly focused on ensuring homes go to those in housing need, that housing maintenance should be improved, and only completed if no "Right to Buy", that access to social housing is too restrictive to agree to investment that doesn't benefit most, that housing and planning need to be more joined up.
- d) The few comments where respondent didn't know how to answer were that there is concern on homes being built in the wrong places and countryside, and that generally the area is overpopulated.

4.19. Comments were invited should respondents have any comments regarding the HRA Capital programme and indicative budgets as summarised in the Draft HRA Revenue Budget 2024-25 and Medium-Term Financial Plan report, and Appendices. A total of 22 comments were received.

4.20. Comments vary and include that housing investment proposals are welcome but timescales adjusted and realistic budgets set, the council should not sell it's stock, more needs to be done to tackle climate change, and more social housing is needed.

- 4.21. Further comments were invited on the Draft Housing Revenue Account (HRA) Budget report and its appendices. A further 7 comments were received.
- 4.22. The comments include housing needs to be brought back in-house, that the assessment needs to be robust, and housing should go to the most in need. Other comments were general and not related to the HRA budget.