

CABINET



Report subject	Housing Revenue Account (HRA) Budget Setting 2022/23
Meeting date	9 February 2022
Status	Public Report
Executive summary	<p>The Housing Revenue Account (HRA) is a separate account within Bournemouth, Christchurch and Poole (BCP) Council's budgets that ring-fences the income and expenditure associated with the council's homes in the Bournemouth and Poole neighbourhoods.</p> <p>Housing management services are currently provided by an in-house service in Bournemouth and by Poole Housing Partnership in Poole.</p> <p>A review of how we manage council homes within the BCP Council area is underway through the Housing Management Model review. Consultation with residents on the preferred option to create a new service combining the best of services from both neighbourhoods has concluded. The information that has been gathered will be used to help design the potential new single service within the council which could be in place later this year.</p> <p>This report seeks approval for the proposed budget for the HRA for 2022/23 and the key principles on which it is based.</p> <p>It sets out the proposals regarding the rents, service charges and other charges to tenants as well as the expenditure plans for the 2022/23 rent year.</p> <p>These proposals and the actions within the attached delivery plans support the priorities set out in the Council's Corporate Strategy.</p> <p>Emphasis will be placed on building safety and achieving carbon reduction targets through improvements to homes. Funding of £1 million will be made available through the capital programme to support carbon reduction. There is a significant development programme to provide homes for rent through the HRA which will be approved through the Council's New Build Housing and Acquisition Strategy (CNHAS).</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>(a) Revenue budgets for 2022/23 and provisionally for 2023/24 to 2026/27 are set using the following principles:</p> <p>(i) That dwelling rents are increased by 4.1 per cent (CPI for</p>

	<p>September 2021 + 1 per cent) from 4 April 2022 in line with the Department of Levelling Up, Housing and Communities Policy statement on rents for social housing published in February 2019 (Rent Policy Statement).</p> <p>(ii) That garage rental charges are increased by 4.1 per cent from the 4 April 2022. That rental charges for garage bases and parking plots in the Bournemouth neighbourhood also increase by 4.1 per cent from 4 April 2022.</p> <p>(iii) That leasehold services are charged to leaseholders in line with actual costs incurred.</p> <p>(iv) That the changes to service charges are agreed as set out in appendix 2.</p> <p>(v) That the annual bad debt charge is increased to £0.4 million.</p> <p>(vi) That the depreciation budget is set at £11.7 million.</p> <p>(vii) That HRA reserves should be maintained at a minimum level of 5 per cent of total expenditure at £1.8 million in line with good practice.</p> <p>(b) Capital budgets for 2022/23 and provisionally for 2023/24 to 2026/27 are set using the following principles:</p> <p>(i) That the planned maintenance programme as set out in Appendix 5 is agreed.</p> <p>(ii) That the major project capital programme as set out in Appendix 6 is agreed.</p> <p>(c) Delivery Plans for each neighbourhood to support the key principles for the HRA and the Council's Corporate Strategy are agreed as set out in appendices 7 and 8.</p>
Reason for recommendations	HRA rents and other changes along with the HRA Capital Programme are subject to review and require Cabinet and Council approval in order for rents and charges to be levied.
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Wards	Council-wide
Classification	For Recommendation

Background

1. Each year social landlords must set rent levels and budgets for the forthcoming financial year and provide each individual tenant with statutory notice of any proposed rent change. This report sets out the proposals regarding the rents, service charges and other charges to tenants as well as the expenditure plans for the 2022/23 rent year.
2. The Council housing stock is situated within the Bournemouth and Poole neighbourhoods and comprises 9,560 rented properties (5,058 in Bournemouth and 4,502 in Poole), 1,139 leasehold properties and 33 low-cost home ownership properties (as of 1 April 2021) with a rent roll of £45 million in 2022/23. There is no Council owned housing stock in the Christchurch neighbourhood as the stock was transferred to a housing association several years ago.
3. The HRA is a ring-fenced account within the council and records the income and expenditure associated with the landlord function in respect of the council's homes. The account is separate from the wider General Fund budget, which is funded by a variety of income flows, including council tax.
4. BCP Council's HRA was formed on 1 April 2019 when the council was created and combined the former HRA's of the legacy councils. BCP Council can only operate one HRA legally but continues to maintain two separate neighbourhood accounts within it, one for Bournemouth and one for Poole. This approach was agreed with the Department of Levelling Up, Housing and Communities.
5. PHP operates as an Arm's Length Management Organisation (ALMO). It manages the homes in the Poole Neighbourhood in line with a management agreement with the council. Compliance with this agreement is formally managed by the Housing Directorate through a Commissioning and Performance Management Framework.
6. It has not yet been feasible to merge the two neighbourhood accounts into one. While the differences will continue for the foreseeable future a review into the housing management service has commenced and is well underway.
7. Residents have been consulted on the preferred model, a single in-house service across BCP Council combining the best of the two existing services, and Cabinet and Full Council approval will be sought in early 2022 to confirm the future model and provide a headline implementation timeline.
8. The information from the consultation with residents and other stakeholders will help shape any new service. Residents will continue to be involved in the process through the normal resident engagement channels and through a Joint Residents Group consisting of tenants and leaseholders from both neighbourhoods.
9. An independent consultant from the Housing Quality Network continues to provide support for the project and a Councillor Working Group provides strategic direction. Officers from both neighbourhoods are working together to identify how services are

delivered differently particularly where these create significant inequalities. This will help to prioritise the alignment work that needs to commence. There is also work being undertaken outside the housing management model review to achieve consistency in performance monitoring particularly in relation to building safety and compliance.

10. The current approach to the HRA allows the two neighbourhoods to manage the different services that currently exist. The management of the accounts is overseen by the BCP Director of Finance with input from the Director of Housing and includes regular meetings with the PHP finance team through the Performance Management Framework and meetings with the BCP Council Finance team. Some policies and practices have already been aligned, such as the level of balances, rent void calculations, bad debt provision calculations and allocations of costs to supervision and management and repairs and maintenance. Where possible service charges can also be aligned. Other practices are in the process of being harmonised, for example depreciation calculations. Although operating as two neighbourhoods, any borrowing decisions are taken based on the financial requirements of the overall single HRA.
11. The Council is required by law (Local Government & 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. The HRA will maintain reserves above a minimum level of 5 per cent of expenditure. In 2022/23 this gives a minimum level of reserve for the Bournemouth and Poole neighbourhoods of £1.8 million.
12. On 29 October 2018 the Government revoked the indebtedness limits that were introduced for HRA's in December 2010 by the Localism Bill under self-financing determinations, by lifting the HRA borrowing cap. This means the BCP HRA will not be subject to a limit on borrowing. However, borrowing must conform to the Prudential Code which requires that borrowing be affordable and prudent. Additional borrowing by the HRA in 2022/23 is forecast to be £29.1 million.
13. HRA major capital project planned spend is included within Appendix 6. This includes housing developments approved as part of the BCP Council Newbuild Housing & Acquisition Strategy (CHNAS) as well as indicative budgets for Hillbourne and Oakdale, which require further councillor approval (currently planned for Summer 2022).
14. The delivery of new affordable homes and ensuring existing homes meet local requirements is a key priority for councils. Within both neighbourhoods' we will continue to look at how we can make best use of our homes to meet the needs of those on the housing register. Previously, this has included the re-designation and redevelopment of sheltered stock with some changing to general needs.
15. The Housing Directorate and the Commissioning Directorate are working together closely to determine the need for specialist housing schemes for BCP Council across a wide range of client groups, e.g., older people, those with learning difficulties and young people and are considering how new build programmes can meet these needs as well as the repurposing of existing schemes. This work cuts across both the HRA and General Fund.

National Policy Context

16. There are a several national policies that will have a significant impact on the HRA over the coming years.
17. White Paper
18. In November 2020 the government published The Charter for Social Housing Residents – Social Housing White Paper. It is a policy document that sets out the proposals for future legislation and changes to policies that will impact social housing landlords. It states that a home should always be more than a roof and four walls:
“A home should provide safety, security and dignity. An opportunity to put down roots and contribute to our community so we can enjoy social and civic lives. Regardless of who you rent from, your landlord should treat you fairly and with respect. And if things go wrong there should be a swift and effective means of redress.”
19. These expectations have not always been met for social housing tenants and the White Paper seeks to change that. The tragedy at Grenfell Tower in June 2017 raised critical questions for everyone involved in social housing, including residents, landlords, developers, and local and national government. The government has also been listening intensely to social housing residents across the country about the changes that they want to see. The social housing Green Paper in 2018 sought views on a wide range of potential changes, and alongside it the government launched a Call for Evidence about how social housing is regulated.
20. Many residents reported positive experiences, but others did not. There were concerns about safety and quality; of complaints being handled slowly or poorly; and about residents feeling they were not listened to, or not treated with respect. All of this has contributed to the White Paper.
21. It sets out proposals to ensure that the social housing regulatory regime works effectively with the building safety regime, including proposals with the Building Safety Bill, by changing and strengthening the Regulator of Social Housing (the Regulator) role which will lead to changes to the existing regulatory standards. The Regulator's role will move from one that is reactive to a more proactive one which will include inspections. It also proposes measures for social landlords to demonstrate performance to residents, how complaints are dealt with, resident engagement and a review of the decent home standard.
22. There is also support for more social housing tenants to own their own home.
23. The White Paper will have a significant impact on the way in which services are delivered to residents and how social landlords engage with them especially on health and safety matters. It also makes it clear that social landlords should consider how they can contribute to the wider aspirations that are set out to ensure that social housing residents have the opportunity to contribute to their community and that they create homes and neighbourhoods that residents feel happy and secure in.
24. However, the White Paper cannot be seen in isolation and there are other changes, some referred to in the paper, that will also have a significant impact.
25. Building Safety Bill
26. The government has introduced new legislation to improve building safety following recommendations from an independent review of building regulations and fire safety after the Grenfell Tower Fire in 2017.

27. The Building Safety Bill was introduced to Parliament on 30 June 2021, and it is expected that the bulk of its provisions will be in place by April to October 2023 as much of the detail will need to be set out in secondary legislation.
28. The Bill will strengthen the regulatory system for building safety by establishing a comprehensive new building safety regime governing the design, construction and occupation of higher-risk buildings. This will be achieved by ensuring there is greater accountability and responsibility for the design and construction of buildings and thereafter throughout the lifecycle of buildings.
29. The Bill sets out the role of the Accountable Person for higher-risk buildings in occupation. This will be the council and it will need to appoint someone to discharge the new obligations. Part of this will be to appoint a Building Safety Manager for each higher risk building who will be required to manage and prevent fire risk, maintain safety for the building and engage with residents on matters of building safety.
30. Six HRA buildings in Poole meet the current definition of higher risk, i.e., over 18 metres or seven storeys tall. The new approved development for Princess Road, Westbourne will include 4 high rise buildings ranging from 6 to 9 storeys tall. It is also possible that the Building Safety Bill will be amended as it makes its way through Parliament to reduce the criteria of a higher-risk building to eleven metres. In any case, landlords will need to consider, following risk assessments, if other buildings in their housing stock should be considered as higher-risk even if they do not meet the statutory definition, for example, sheltered housing.
31. It is envisaged that a Building Safety Manager can oversee up to 10 buildings and additional costs will be incurred to ensure that this role is filled for all relevant higher-risk buildings.
32. Environment
33. The government has set its target to achieve net zero for carbon emissions by 2050. It has also set in law an ambitious climate change target to cut emissions by 78% by 2035 compared to 1990 levels.
34. The council's Climate and Ecological Emergency Action Plan seeks to eliminate its own carbon footprint by 2030. The plan was approved for public consultation which has now closed.
35. The action plan included proposals for work to council retained buildings such as the installation of energy saving measures, use of renewable energy and water saving measures.
36. The impact on the HRA is currently being considered through the thirty-year business plan and work is being carried out to determine the Sustainability Strategy for meeting these challenges across our council homes. Additional funding of £1 million will be provided through the capital programme in 2022/23 to kickstart work in this area. At this stage it is not envisaged that any further specific funding will be required. Instead, as part of the ongoing process of asset management, future planned maintenance programmes will be focused on reducing carbon emissions and data is being analysed to understand the scale of the challenges across our homes.
37. The current governments 2019 election manifesto included a proposal for a £3.8 billion Social Housing Decarbonisation Fund over a 10-year period to improve the energy performance of social rented homes. In August 2021 the government

launched Wave 1, a new £160 million fund to support social housing providers in making their homes more energy efficient.

38. The fund requires social landlords to look at their homes to determine those that are most suitable for improvement. This will include those with the lowest rated energy performance certificates, i.e., D, E, F or G and any work must also improve heating efficiency. Funding of up to £16,000 was available for the least energy efficient properties, G, but social landlords would be required to co-fund another third of the cost bringing the total funding utilised to improve a home to £24,000.
39. The situation with existing property data, resources and short timescale meant the council did not apply for funding during Wave 1. It is likely that Wave 2 will be sometime in Autumn 2022 and work is already progressing to ensure that the information is available to submit a bid which meets the council's needs and secures much needed funding.
40. Digital switchover
41. By 2025 analogue telephone services will be switched off as the UK's telecom structure is upgraded to digital connectivity. This will have major implications for the technology enabled care sector and the millions of people who rely on telecare in the UK. The transition has already begun in some areas across the country to convert to digital.
42. Emergency alarm systems within independent senior living and sheltered housing schemes currently connect to BCP Lifeline through an analogue service. In the future emergency alarms will need to connect digitally. While some temporary measures can be put in place to allow analogue devices to work, emergency alarm systems will need to be removed and replaced with either new hard-wired systems or dispersed alarms.
43. The digital switchover will however provide services that are faster, more reliable with increased features. This will have an impact on the way in which technology enabled care can be delivered to residents and provides opportunities for innovation in meeting care needs in a more cost-effective manner to support wider council objectives.

Long term financial planning

44. Long term financial planning through the 30-year business plan financial model provides assurance that the HRA can meet the challenges presented by the national policy changes set out above as well as contribute towards the council's corporate strategy and meet its own strategic objectives.
45. There will also continue to be other long-term spending commitments within the HRA to continue to maintain existing homes, build new homes and provide services to residents.
46. Income to the HRA is primarily through rents and service charges to tenants and leaseholders. It is important that this level of income is maintained and maximised to ensure support for the 30-year business plan. Any proposals that affect the level of income collected can have a significant impact on long term financial planning and it is important that this is fully considered when policy decisions are made regarding income and expenditure.
47. The 30-year business plan is being progressed and will evolve over time as policy options for longer term spending are tested through the plan's model. Changes to

council objectives and national policy will help inform future spending decisions. Work is ongoing to update data regarding homes to ensure that the business plan is robust.

BCP Council's Corporate Strategy

48. The Council's Corporate Strategy sets out its priorities, the objectives to achieve these, key actions and measures of success. The services delivered within the HRA support the strategy and the key priorities that make up the Corporate Strategy in many different ways as set out below.
49. The Housing Management Model review work that seeks to align the existing housing management services into a single inhouse service has commenced. This review will consider how the new service will contribute to the transformation of services needed to meet the opportunities created by the council's new operating model. A report is due to come back to Cabinet shortly to confirm the housing management delivery model and broad implementation plan.
50. **Sustainable Environment** – Energy efficiency and sustainability will continue to be considered when building new homes and carrying out capital improvement works to existing properties. This can include:
- Measures such as heat pumps, use of renewable energy sources and high levels of insulation.
 - LED replacement lighting will be used in communal areas and homes
 - Replacement double glazing for existing homes
 - Non-combustible cladding to improve insulation and comfort levels on tower blocks
 - New homes that are well insulated and energy efficient.

Each project will be considered individually with consideration of the overall carbon savings which can be secured.

51. PV panels fitted to council homes continue to generate electricity for residents to use and to feedback into the national grid creating an additional income for the council's general fund. They also reduce the overall usage of fossil fuels, provide economic benefit to the council and residents, as well as supporting carbon reduction.
52. These measures will help lead towards a sustainable environment and meeting the council's ambitious target to eliminate its own carbon footprint. There will be challenges regarding costs and the feasibility of undertaking further work particularly to existing properties but there will be very clear benefits for tenants through lower energy bills and clear benefits for the wider environment. Robust asset management to support the 30-year business plan will ensure that the necessary steps are taken to enable the HRA can meet the challenges.
53. To support this work proposals within the capital programme will set out the creation of funding of £1 million for 2022/23 towards the sustainability of homes. Existing property data will be updated to support the 30-year business plan and the council's objective to eliminate its carbon footprint.
54. Both neighbourhoods are working together to develop a strategy for sustainability in council homes which will feed into the 30-year business plan.
55. **Dynamic Places** – A key priority within the HRA is to develop new homes for those in housing need. CNHAS sets how the development of homes through the HRA will

help meet the council's priority to deliver at least 1,000 homes of mixed tenure types on council owned land across a five-year period.

56. Well established development expertise is in place in-house to bring forward new homes on numerous surplus council owned sites. These additional homes will add to the overall homes that the BCP Council area needs, and the 15,000 new homes target set out in the council's Big Plan. There is an ambitious development programme over coming years as set out below and over the last year the following new homes have been completed or acquired:
- Ibbertson Way garage site, Townsend, Bournemouth – 3 new general needs homes
 - Clifford Road, garage site, Winton, Bournemouth – 2 new general needs homes
 - Luckham Road, Charminster, Bournemouth – 9 general needs homes
 - Purchase and repair – 7 general needs homes acquired in Bournemouth
 - Purchase and repair – 12 general needs homes acquired in Poole
57. A specialist housing review is to be commissioned to analyse the supply and demand for those with specialist housing needs. The review will help to inform future provision of new homes, acquisitions and repurposing of existing homes.
58. **Connected Communities** – Both neighbourhoods support activities to build communities in which people feel safe and where their views are considered. There is formal engagement through residents' groups to scrutinise the services that are provided and ongoing work with residents to develop these services and policies. These service areas will be critical in the delivery of the white paper requirements and being able to demonstrate to the Regulator how residents influence and shape service delivery.
59. Residents from both neighbourhoods are involved in the ongoing review of housing management services. The Joint Residents Group will help agree objectives, governance structures and future resident involvement. Residents' involvement will continue to influence service design and delivery in any new single service.
60. The Poole neighbourhood works with a number of local charities and resident groups to deliver services across the estates that tackle loneliness and poverty. These can range from befriending services to supporting wider community engagement to support for lone parents or food delivery services. Within Bournemouth this is delivered from within the community development team and forms part of the wider service offer to all residents across the BCP Council area.
61. Enforcement and preventative measures are undertaken to reduce anti-social behaviour and there is close partnership working with the police and other agencies to deal with this and to reduce the fear of crime. A large proportion of sheltered properties within the housing stock can include support to older tenants to help them live independently and reduce social isolation.
62. The proposals within the social housing white paper will raise expectations on social landlords to help deliver more than just a home to live in. It will seek ways for residents to have opportunities to contribute to their communities and enjoy social and civic lives. The proposed satisfaction measures from the Regulator will include satisfaction with the neighbourhood in which people live how landlords listen and keep residents informed.

63. Support can be provided to community and resident groups to enable them to meet their objectives for example through the provision of land to support community gardens.
64. **Brighter Futures** – Housing can play an important part in the care of children and young people. The provision of the right accommodation can have a significant impact and staff are trained to recognise support needs as well as safeguarding issues. There is close partnership working to help provide suitable accommodation for young care leavers through the housing register as well as providing temporary accommodation to help facilitate move on into more permanent homes.
65. There is a flexible approach to providing suitable homes for young care leavers and these can be adapted to meet their needs and that of carers.
66. **Fulfilled Lives** – The provision of support within sheltered housing enables people to lead healthy and independent lives. Partnership work is undertaken with other services within the Council and other agencies to provide accommodation where high levels of support can be provided, for example adults with a learning disability.
67. Both neighbourhoods continue to make a good contribution to the Housing First programme which supports rough sleepers into permanent accommodation.
68. Minimising evictions of existing tenants is also a priority with ongoing work to look at how support can be provided to help tenants sustain their tenancies and prevent homelessness.
69. **Modern, Accessible, Accountable Council** – Both neighbourhoods are committed to working with residents to scrutinise services and seek feedback through formal resident engagement, satisfaction surveys and learning from complaints.
70. Residents are involved in the housing management review. It is envisaged that the proposals around governance and the structure of resident involvement within this review will continue to demonstrate accountability. The proposals within the Charter for Social Housing Residents will also increase the council's accountability as a landlord.
71. The social housing white paper has set out the steps that the government will take to ensure that residents are listened to, are safe in their homes and have access to redress when things go wrong. This report and delivery plans also set out how we will provide an improved, modern and efficient service as well as meeting our obligations to ensure the health and safety of residents.
72. The services delivered within the HRA will also support the priorities within the new Housing Strategy:
 - Meeting future growth needs
 - Preventing homelessness and rough sleeping
 - Improving housing options, opportunities and choice for all
 - Empowering and co-creating neighbourhoods where residents wish to live and be part of the community
 - Improving safety and sustainability across Bournemouth, Christchurch and Poole's housing

Strategic Objectives

73. The strategic objectives previously agreed for the HRA remain as they were previously and are as follows:

- a) Deliver strong financial management of the HRA which maximises the ability to collect income, gain efficiencies and service outstanding debt
 - b) Ensure HRA stock is adequately and efficiently maintained particularly in relation to the Council's legal obligation to ensure the health, safety and welfare of its tenants as well as the need to ensure sustainable home which meet national and local climate emergency targets.
 - c) Focus on the delivery of effective housing management services to support successful tenancies and strong and sustainable communities
 - d) Continue to secure funding opportunities to deliver additional affordable housing through new build and acquisitions
74. These objectives are broadly stated in order of priority. As a landlord, it is important that debt is serviced in the first instance, followed by ensuring the effective maintenance and management of the properties and support for tenants. Surpluses and borrowing will then be maximised to bring forward additional affordable housing.
75. The approach to HRA budget setting has focused on three key areas for 2022/23 and the following sections of the report take each of these areas in turn;
- a) Revenue income expected to be achieved and proposals around rent and service charge levels for tenants and leaseholders
 - b) Revenue expenditure plans that reflect local priorities and service delivery patterns, including revenue contributions to capital
 - c) Capital expenditure plans that will deliver essential maintenance to the stock as well as ensuring the Decent Homes Standard is maintained and support the affordable homes new build programme
76. Financial summaries for the BCP HRA are provided in Appendix 1 - 6.
77. The delivery plans are provided in Appendices 7 and 8.
78. Tenant dwelling rents
79. The rent to be charged to tenants is governed by a national rent policy and must be followed by all social landlords in order to be free from challenge from residents and to secure eligible housing benefit or universal credit. Since 2001 rents for the majority of social housing has been let at a social rent using the following information and increased annually with inflation:
- The relative property value as at January 1999
 - The relative local earnings as at 1999 levels
 - Size of the property
80. In 2011 the government introduced a new "Affordable Rent" which allowed rents (inclusive of service charges) to be set at 80% of market rent levels primarily for new or newly acquired homes. This was to improve the viability of housing schemes and encouragement the development of new homes.
81. Affordable rents are higher than formula rents and can only be charged with the agreement with Homes England. They should be re-set before being re-let to ensure that the rent charged to tenants is no more than 80% of the market rent.
82. The national policy sets the level by which tenant rents, both social and affordable, should be uplifted each year and in 2014/15 a national consultation set the following

formula: an increase by the Consumer Price Index (CPI) as of September plus 1 per cent.

83. The rent formula was superseded by an announcement in the July 2015 budget statement that all social rents would decrease by 1 per cent each year from 2016/17 to 2019/20. Rent increases from April 2020 of CPI + 1 per cent have resumed for a period of five years as set out in the national policy statement on rents.
84. Although the return to the policy is welcomed and will help the Council meet its responsibilities, the four years of rent reduction have reduced rental income by over £6 million and 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.
85. The national policy statement states that the CPI plus 1 per cent limit on rent increases is a ceiling and landlords can decide to apply a lower increase, freeze rents or reduce them if they wish to do so. Landlords should also consider the local rental market, as well as the level of housing benefit or universal credit that are available to those who occupy their homes.
86. Decisions to apply a lower rent increase would have a significant long-term impact on the HRA and its ability to meet its strategic objectives, corporate objectives and the changes to national policy set out in this report. Modelling indicates that any decision to apply a lower rent increase would reduce the HRA balance by between £4 million and £7.6 million by 2029/30. Contact with other social landlords suggests that most will similarly be applying the CPI + 1 per cent increase.
87. Rents charged across both neighbourhoods are significantly lower than those charged in the private sector. They are also lower than local housing allowances, the maximum amount to which help with housing costs through housing benefit and universal credit will be paid.
88. Any income that is available after the cost of servicing debt and managing and maintaining the stock is made available to the capital programme and supports the delivery of new homes.
89. Other adjustments that will impact on the level of achievable dwelling rent income relate to the number of Right to Buy (RTB) sales expected to occur and the number of days properties are empty during a change of tenancy. With regards to the RTB, it is assumed there will be 40 sales during the year. The part year income associated from these properties has been deducted from the income budget.
90. Both neighbourhoods manage a small number of shared ownership properties. Shared owners can purchase part of the property and pay a monthly rent on the share that remains in the ownership of the Council. Owners can normally purchase the remaining share of the property in a process known as "staircasing". Rent increases are based on the terms of the lease provided to residents. The lease used is based on the model form of lease provided by the Government which is widely recognised by lenders and solicitors.
91. For 2022/23 it is assumed that 1 per cent of the Poole and Bournemouth 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 £0.4 million.
92. Acquisition and new build programmes increase the stock of affordable housing for the HRA. The HRA will reflect the additional income expected from the delivery of 26

new homes from 2022/23. However, there are inherent uncertainties around timescales for new build schemes, but an estimate has been accounted for.

Recommendation a(i) –

That dwelling rents are increased by 4.1 per cent (CPI for September 2021 + 1 per cent) from 4 April 2022 in line with the Department of Levelling Up, Housing and Communities Policy statement on rents for social housing published in February 2019 (Rent Policy Statement).

93. Garage Rents and Service Charges

94. 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.
95. Garage rents cover income received from garages in Bournemouth and Poole. The majority of garages in both Bournemouth and Poole were transferred from the HRA to the General Fund in 2018/19 and those that remained were located on sites identified as potential for re-development. The development on several has now been completed. In Bournemouth, 26 garages with potential redevelopment will remain in the HRA alongside a further 211 garage plots and bases. In Poole, 43 garages remain within the HRA but no plots or bases.
96. The current level of garage charges has been benchmarked against other councils and are similar. It is therefore proposed to increase charges by 4.1 per cent across Bournemouth and Poole neighbourhoods to reflect the ongoing rise in cost of managing the garages whilst being mindful of ensuring they remain affordable and lettable. This increase seems reasonable in terms of maintenance costs and demand. Benchmarking has also been carried out against charges in the private sector. It is also aligned with the increase in rent charged for residential properties.

Recommendation a(ii) –

That garage rental charges are increased by 4.1 per cent from 4 April 2022. That rental charges for garage bases and parking plots in the Bournemouth neighbourhood also increase by 4.1 per cent from 4 April 2022.

97. Other rents, within the Poole neighbourhood, reflect those charged to tenants occupying commercial space at Trinidad Village. These have been budgeted in line with the lease agreements in place and will increase by RPI on their agreed rent review dates. The Bournemouth neighbourhood does not receive any commercial rental income.
98. 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. These charges must reflect the full cost that is incurred by the HRA, but no profit must be achieved through the levelling of these charges. Given this, the income budgets proposed reflect only an indicative level and actual charges will be reconciled during the summer to actual costs incurred.
99. The cyclical and reactive maintenance income budgets for leaseholders reflect actual works undertaken and are charged on a cost per case basis. These budgets in Poole reflect the works that have been undertaken on a year-on-year basis. Cyclical and reactive maintenance undertaken in Bournemouth is also charged on a cost per case basis.

Recommendation a(iii) -

That leasehold services are charged to leaseholders in line with actual costs incurred.

100. Tenant service charges must mirror the charges incurred by the HRA in the same way as leasehold charges. Both neighbourhoods are expected to set reasonable and transparent service charges which reflect the service being provided to tenants. Tenants should be supplied with clear information on how service charges are set. In the case of social rent properties, providers are expected to identify service charges separately from the rent charge. Most service charges are expected to be included in affordable rents.
101. Service charges are not governed by the same factors as rent. However, social landlords should endeavour to keep increases for service charges within the limit on rent changes, of CPI + 1 percentage point, to help keep charges affordable. This is difficult to do for some charges such as gas or electricity where costs are set by utility companies and are determined based on actual usage. Charges for heating reflect actual personal usage.
102. Tenants should be consulted where new or extended services are introduced where this will result in additional charges to tenants.
103. Service charges are in place for the provision of a sheltered housing service and associated support in the Poole neighbourhood. The charges relate to the additional work to manage these schemes for example, looking after communal areas and health and safety inspections, as well as support for tenants to help them manage their tenancies. These will increase by 3.1 per cent. The charges are not applicable in the Bournemouth neighbourhood and will be considered during alignment work between both neighbourhoods.
104. Charges for guest rooms on sheltered schemes have been increased by 4.1 per cent and then rounded down to the nearest 25 pence. Charges in both neighbourhoods have been aligned.
105. Charges are made to residents where electricity is used in communal areas. Charges are also made for communal heating that includes personal usage within a resident's own accommodation. Bills to energy suppliers are paid directly by the council.
106. Costs for gas and electricity have increased significantly across the country because of several factors:
 - Lack of natural gas being produced and an upsurge in demand as economies come out of lockdown
 - The winter of 2020/21 was longer and colder than expected using up reserves of gas
 - Lower output from renewable energy sources such as solar power and wind.
107. To help protect consumers from excessive costs the government introduced an energy price cap in 2019. This limits the rate a supplier can charge for their default (standard variable) tariffs. Energy suppliers cannot charge customers what they want while the cap reflects the wholesale market, so suppliers are not buying energy at a more expensive rate than they are selling.
108. The price cap changes twice a year and is announced in February and August. The changes do not actually take effect until around 2 months after the announcement. From October 2021 the average annual price for a customer on a standard variable tariff was set at a cap of £1,277 for both gas and electricity. Customers can pay more

than this if their usage is high but the tariff that they have to pay is always capped while on the standard variable rate.

109. While the price cap may apply to those residents who pay their own energy bills directly to suppliers, it does not apply to those residents who get their energy through a communal supply. They are therefore not protected from higher costs in the same way that other residents are.
110. Heating charges in the Poole neighbourhood are set at a standard charge for each property type and based on usage. In the Bournemouth neighbourhood the charges are normally set according to the usage on each scheme. These charges are not eligible for housing benefit or universal credit.
111. Charges for communal power are set according to the electricity used in both neighbourhoods and are increased according to usage. These charges are eligible for housing benefit and universal credit.
112. There have been significant increases in gas and electricity costs incurred by the council, but it is recommended that the charges relating to heating and power are limited to the change in the energy price cap from October 2020 to October 2021 which saw an increase of 22.6 per cent.
113. This reflects the significant increase in utility costs and enables the council to recover some costs while providing protection to those tenants who cannot rely on the price cap.
114. Energy is purchased by the council through a consortium that enables it to be obtained at a competitive rate, but it is anticipated that the costs of energy will continue to rise during 2022 and that the energy price cap will also increase significantly.
115. All residents will experience an increase in energy costs whether they pay their own bills or do so through a communal supply. Support is available through the winter fuel payment to those aged 67 or over and residents can also apply for help through the Household Support Fund administered by the Citizens Advice Bureau.
116. Scooter charges in the Poole neighbourhood will increase by 4.1 per cent. In Bournemouth the charge will not increase which will allow for alignment across both neighbourhoods over time.
117. The window cleaning charge in Bournemouth will reduce in line with costs incurred.
118. Water and sewage charges in Bournemouth are based on actual usage. While some residents will experience a reduction in this charge the increase for other residents will be capped at 4.1%.
119. A new previously agreed service charge policy has been rolled out in the Bournemouth neighbourhood since 2018. This policy introduced several new service charges and applied a cap that will continue to be applied until April 2023/24. The cap for these new charges will be set at £5.00 per week.
120. Service charges in the Bournemouth neighbourhood for communal gardening and cleaning are usually based on costs previously incurred. These charges have reduced significantly to reflect the reduction in the level of service caused by several factors including the Covid-19 pandemic.

Recommendation a(iv)–

That the changes to service charges are agreed as set out in appendix 2.

121. Arrangements relating to retained Photovoltaic (PV) solar panels and PV licencing costs remain unchanged and income and expenditure now sits in the general fund.

Revenue Expenditure

122. The HRA manages expenditure that covers delivery of the general housing management function as well as overhead and capital financing charges.
123. Management and Maintenance
124. PHP delivers the management and maintenance service to the Council in relation to Poole neighbourhood stock and this is funded through the annual management fee paid to PHP. For the Bournemouth neighbourhood the revenue expenditure is contained within the overall revenue budgets for the HRA without the separation of a similar management fee.
125. It is recognised that the financial climate has been and remains challenging and the four years of reduction in rental charges to tenants have reduced the level of funds available to deliver all the priorities for housing support and delivery. Both neighbourhoods therefore regularly review the level of costs incurred and ensure that funding is linked to service priorities.
126. The strategies across both Bournemouth and Poole are to ensure that costs are driven down, that these are benchmarked to test that value is being achieved and the organisation learns from the best to inform the decisions being made.
127. Key current and future changes to service delivery and financial pressures can be summarised as follows
- a. Additional resources to help ensure the effective management of tenancies involving tenants with complex needs such as substance misuse
 - b. Additional resources to support the delivery of the building safety requirements and compliance approach
 - c. Retrofitting to ensure that the homes provided help meet carbon reduction targets.
 - d. Resource identification to support delivery of the white paper requirements to ensure that BCP can deliver effective assurance to the Regulator
 - e. Additional resources within the sheltered housing schemes to increase service levels to meet residents' expectations
 - f. Additional resources to support the provision of affordable homes.
128. The use of the revenue resources for day-to-day delivery of services are summarised in the delivery plans for each neighbourhood which are summarised in Appendices 7 and 8.
129. In 2020/21 the HRA contributed £2 million to the Councils Transformation Programme. This was on the provision that savings as a result of this would also be delivered to the HRA. This project had been brought forward to help deliver savings to the general fund because of the Covid-19 pandemic. This involves various workstreams, including reorganising some of the staffing teams into new centres of excellence, redesigning the IT architecture, reshaping the customer channels and much more.

130. Work has now commenced with the council's Strategic Implementation Partners to look at the whole housing service area including the HRA to agree a service redesign approach. This will focus on digitally delivery of services, data and insight and enabling services. This Housing Management Model review work also underway will be underpinned by the council's transformation objectives.

131. Overheads and other expenditure

132. The HRA holds general budgets that meet the cost of other service areas that support the overall delivery of the housing management function. These budgets have also been considered as part of the budget setting process.

133. The HRA recognises recharges for spend directly incurred elsewhere in the Council but that relate to delivery of housing services. These include areas such as grounds maintenance provision, oversight of CCTV within buildings and corporate support costs. These need to be reflected in the HRA in order to ensure the full cost of delivering services to tenants is recognised. Such charges are reviewed on a regular basis to ensure they remain up to date and appropriate.

134. Management of bad debts

135. One of the main areas of risk for the HRA going forward is arrears and the management of debt within the rent account. There is a specific risk around the ability to collect this debt as national welfare reform changes are rolled out. The spare room subsidy changes have now been in place for several years and work to manage under occupation is now business as usual.

136. One key current risk is Universal Credit (U.C.) which went live for Poole in October 2017 and for Bournemouth in November 2017 with approximately 35% of tenants now receiving this benefit. Evidence from other areas, along with our experience so far, shows the level of arrears increases in the short to medium term following implementation. The system is also more complicated than the housing benefit system and requires additional interventions and support from landlords.

137. Both neighbourhoods continue to work closely with tenants to assist with financial and budgeting skills and continue to undertake proactive work to help with any issues around their U.C. claims and any associated issues.

138. The impact of Covid-19 has had some impact on the level of rent arrears and will need to be carefully monitored. There will also be increased pressures on household income in the following year with estimated of inflation expected to be much higher than it has been for a number of years. Continued assistance will be offered to those tenants who get into difficulty with paying their rent.

139. The level of arrears has increased, and the bad debt charge is to be increased to £0.4 million.

Recommendation a(v)–

That the annual bad debt charge is increased to £0.4 million.

140. 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. Under these arrangements the council is required to demonstrate the stock has been accounted for in line with IAS 16 and follows componentisation accounting principles.

141. Depreciation charges in both neighbourhoods are calculated using components. However, the depreciation policy for each neighbourhood is significantly different - the Bournemouth neighbourhood uses six components and Poole uses 86. Life cycles also vary across the two neighbourhoods. These differences in approach have started to be reviewed but have not been aligned in this budget as doing so now could impact the level of resource available to support the maintenance programme.

Recommendation a(vi) –

That the depreciation budget is set at £11.7 million.

142. Reserves

143. 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. An appropriate level has been determined as 5 per cent of expenditure. This level has been reached after carrying out a risk assessment of key items affecting income/expenditure and allowing for a contingency for unidentified items. In 2022/23 this gives a minimum reserve requirement of £1.8 million.

Recommendation a(vii) –

That HRA reserves should be maintained at a minimum level of 5 per cent of total expenditure at £1.8 million in line with good practice.

144. Capital Financing

145. The budget to support interest paid on HRA debt will rise in future years as external borrowing is required. For 2022/23 the BCP HRA will require £29.1 million of external borrowing to fund its capital programme. Cashflow adjustments are being made between the neighbourhoods in order to minimise external borrowing costs.
146. Any surplus generated by the HRA will be used to fund capital expenditure or the provision of new homes. Projections show large surpluses in later years but expenditure against these has not yet been scheduled. As set out above there are several pressures on the HRA, notably carbon reduction, and these surpluses will be allocated to support spending. A minimum level of reserve will be maintained in line with good practice.

Capital Expenditure

147. Financial regulations require capital schemes to be categorised into appropriate approvals categories. All Planned Maintenance Programme items within Appendix 5 are Unconditional. Major Projects (shown in detail in Appendix 6) are categorised as No Further Approval, Conditional Approval or requires Further approval, as appropriate.

148. Planned Maintenance Programme

149. The HRA capital programme aims to ensure first and foremost, that the current housing stock is fit for purpose and specific projects that will enhance the delivery of social rented and affordable housing across both neighbourhoods are achieved. The Decent Homes target was achieved in December 2010 when the significant backlog works were completed, and all stock met the target. However, each year elements of this stock will need to be replaced or updated in order to keep all stock

at the Decent Homes (and the Bournemouth and Poole) standard. The delivery of these enhancements is the first call on capital resources.

150. There are new areas of work that need to be delivered as part of the planned maintenance programme. Building safety is a key area and as set out above and additional work will be required to ensure that the homes provided are safe for residents.
151. To support the Council's Corporate Strategy there are objectives to ensure that sustainability underpins our policies, tackle the climate change emergency and promote sustainable resource management. This can be achieved through sustainable methods of construction in relation to new homes with high levels of thermal insulation and more energy efficient hot water and heating systems.
152. Energy efficient measures are also provided in the refurbishment of existing homes including more efficient gas boilers, consideration of alternative heat sources, increased levels of thermal insulation, communal heating systems and low energy lighting to communal areas. Such measures often increase development and refurbishment costs, but more energy efficient homes can benefit tenants through lower energy bills. There is a clear focus on the overall carbon savings that can be achieved with any additional investment.
153. 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 forwards. The development of the 30-year business plan will help determine how we meet the challenges.
154. The planned maintenance programme is proposed at £15 million. A breakdown of the programmes is included within appendix 5 and this will deliver a programme of work that is safe and meets legislative and other priorities.

Recommendation b(i) –

That the planned maintenance programme as set out in Appendix 5 is agreed.

155. Major works capital programme
156. The HRA is committed to delivering additional affordable housing across both Bournemouth and Poole and ensuring the current HRA land is used as effectively as possible. Whilst the majority of activity is new build, the Bournemouth and Poole neighbourhoods have also successfully acquired existing properties. These are usually via buy back of RTB properties but may be where other housing providers are looking to dispose of suitable stock. Each new build scheme and purchase is subject to both financial and managerial due diligence to ensure they deliver value for money. Other major capital programmes not defined explicitly within this report will be brought for individual Cabinet approval as per the Financial Regulations.
157. The exact tenure mix of this new build programme will be considered in the context of overall financial viability. Each scheme is required to be viable over the duration of any borrowing period in line with the Prudential Code.
158. There are ongoing ambitious new build plans, a requirement to make significant changes to the stock to more adequately meet needs and the HRA must continue to assist in the management of homelessness. This funding can be achieved in part via borrowing additional resource. In the October 2018 budget, the Chancellor abolished the limit on HRA borrowing which allows for more to be delivered from HRA budgets where additional funding can now be raised in accordance with the Prudential Code – removing the HRA borrowing cap. This provides an opportunity to expand our new

build ambitions across both Bournemouth and Poole to help further meet the needs of those on the housing registers. New build schemes will seek approval in line with the financial regulations.

159. Additional borrowing by the HRA during 2022/23 is forecast to be £29.1 million to help finance new build and major projects.
160. Many schemes will also require additional subsidy alongside rental income to meet the borrowing requirements. RTB receipts, HRA reserves, and Section 106 affordable housing developer contributions are also used across both neighbourhoods to help financially support the delivery of new homes, although these funding sources are finite.
161. The new build and major projects programme totals £48.1 million for 2022/23.
162. New build and major projects – Bournemouth
163. Moorside Road, West Howe – 14, 3-bedroom houses.
164. Templeman House, Leedam Road, Kinson – 27 flats.
165. Craven Court, Knyveton Road, Boscombe – 24 ,1 and 2-bedroom flats. Existing residents being moved.
166. Duck Lane, Bearcross – 12, 2-bedroom flats. At planning stage.
167. Wilkinson Drive, Townsend – 11 homes for rent.
168. Cabbage Patch car park, St Stephens Road, Bournemouth Town Centre – 11, 1 and 2-bedroom flats.
169. Luckham Road/Charminster Road, Charminster – on site. 6, 1 and 2-bedroom flats and 3, 3-bedroom houses.
170. Northbourne Day Centre, Wimborne Road, Kinson – on site. Will provide 9 homes for rent including 1 and 2-bedroom flats and 2-bedroom houses.
171. Princess Road, Westbourne – 120 new homes including 1,2 and 3-bedroom flats for rent and shared ownership. At planning stage.
172. Mountbatten Gardens – 2 homes for rent.
173. Surrey Road – to be confirmed.
174. New build and major projects – Poole
175. Project Admiral is ongoing and will deliver a major maintenance programme of the 4 tower blocks situated in Poole Old Town. This work includes the provision of a non-combustible cladding system that will ensure that these blocks remain fit for purpose and extend their life by a further 30 years. This project is being delivered over 4 years and should complete in 2022/23.
176. Cladding, Sterte Court, Poole – the combustible cladding to the 2 tower blocks has been removed and work to provide a non-combustible cladding system will complete in April 2022 slightly later than planned.
177. Cynthia House – 22 new homes by 2022, flats and houses and a mix of shared ownership and affordable rent.
178. Herbert Avenue - this scheme will deliver 24 flats for use as temporary family accommodation.
179. Hillbourne –delivery of approximately 100 new homes on the old school site.

180. Oakdale - to be confirmed.

Recommendation b(ii)

That the major project capital programme as set out in Appendix 6 is agreed.

181. The 2021/22 capital programme was agreed at £45.5 million (revised to £28.1 million). Timing of cash flows for large capital projects spanning several financial years can be difficult to predict and are re-forecast as the projects progress. These projects often require consultation, planning and building control approval and are subject to competitive tendering processes. Capital budgets are carried forward when timing of cash flows becomes more accurate to predict.

182. Delivery Plan

183. The Management Agreement between BCP Council and PHP sets out the requirement for an annual delivery plan to be agreed. The PHP Delivery Plan sets out the Key Deliverables for PHP which support the council's corporate priorities and the new Housing Strategy. The annual Delivery Plan for the Bournemouth Neighbourhood is also presented supporting the same priorities. Work is currently ongoing between the teams to align ways of working as appropriate across both neighbourhoods.

184. The agreed direction for the housing management model across both neighbourhoods will inevitably further align these delivery plans into one programme in due course.

Recommendation c –

That the Delivery Plans for each neighbourhood to support the key principles for the HRA and the Council's Corporate Strategy are agreed as set out in appendices 7 and 8.

185. Financial modelling

186. The existing new build programme reflects the ambitious plan to provide much needed additional homes for rent and detailed consideration is being given to the delivery of new homes through shared ownership as well as affordable and social rent. Financial modelling is taking place to look at options to help shape the identified new build and retrofitting programme over the next few years. To support this work there is an ongoing update of the 30-year business plan for the HRA.

187. Consultation

188. There is no legal obligation to consult on the annual rent changes. The rent changes noted in this report for 2022/23 are set by government policy.

189. The Poole neighbourhood consults on the rent approach with local residents via the Tenant Involvement and Empowerment (TIE) panel and feedback from this meeting will be available to Cabinet if requested.

190. The Portfolio Holder for People and Homes has been consulted and their feedback had been addressed in this report.

Options Appraisal

191. This report sets out the proposals for increases in rent and other charges to support the planned maintenance programme, new developments and major works. The income received is also used to ensure that the council can meet its legal responsibilities as a landlord as well as regulatory standards. The proposals also support the Council's wider strategic objectives and demonstrates the importance of

housing revenue account activities in helping to meet these. Any decision not to increase charges would have an impact on the ability of the Housing Revenue Account to meet the objectives in the delivery plans as well as wider strategic objectives.

Summary of financial implications

192. The Housing Revenue Account is a separate account within the Council that ring-fences the income and expenditure associated with BCP Council's housing stock. The estimated income from rent and other charges will be £47.7 million. The income from the HRA is used to support the Council's activities as a landlord and the proposed expenditure of £63.1 million on planned maintenance and new homes as well as £23.6 million on managing and maintaining the housing stock. Proposed rent increases are in line with government requirements and the additional income that is generated is also used to develop the 30-year business plan. This plan will ensure that the Council continues to meet its responsibilities as a landlord and in meeting the Council's wider objectives as well as the national agenda to reduce carbon emissions. There are other challenges associated with improvements to building safety and it is important that the HRA can meet these.

Summary of legal implications

193. 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 Cabinet in February 2022.
194. The Council is required by law (Local Government & 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. The HRA will maintain reserves above a minimum level of 5 per cent of expenditure. In 2022/23 this gives a minimum level of reserve of £1.8 million.
195. Approval from Cabinet and Council is required before changes to rents and other charges can be made as well as commitment to the level of expenditure on planned maintenance and major works.

Summary of human resources implications

196. There are no HR implications for this report.

Summary of public health implications

197. HRA properties continue to benefit from photovoltaic and solar panels reducing carbon emissions across Bournemouth and Poole. 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 our existing stock. Consideration is currently being given to new methods of building construction for new homes which would benefit tenants and the local area.

Summary of equality implications

198. Proposed revenue budgets for 2022/23 onwards should not impact on front line service provision, and the level of capital disabled adaptations in the estimated Capital Programme should enable us to meet the needs of disabled and older residents to have aids and adaptations fitted to support their independence.

199. The increase in energy costs will result in additional costs for residents. While those who pay directly to energy suppliers will be protected by some of the increase by the energy price cap, this does not apply to those who have to pay through a communal supply. The recommendation to increase these charges in line with the energy price cap will offer some protection against the rising cost of energy supplies. Support is available to those residents struggling with costs.
200. Older and disabled residents will be positively affected by investment in dwelling insulation, energy efficiency to help reduce charges for heating and other utilities.
201. There is a clear correlation between effective housing and better health outcomes. By ensuring that housing meets minimum maintenance standards respiratory health issues can be reduced as well as minimising trips and falls. Income is also used for new homes for those in need of affordable housing.
202. Community development work undertaken seeks to minimise isolation, particularly with older people, 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, for example land for community gardens.
203. There are many reasons why tenants may struggle to maintain their tenancies including drug and alcohol problems, mental health and hoarding. 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. Both neighbourhoods have staff who can provide support for tenants including financial advice and work is ongoing to ensure that sufficient resources are available.
204. Support is available to residents to pay for housing costs if on a low income and colleagues are available to provide advice and support to help maximise income. Residents can also be signposted to other organisations that can help.

Summary of risk assessment

205. From April 2012 the risk in financing the management and maintenance of the housing stock moved from Central Government to Local Government as part of the Self-Financing Settlement Agreement.
206. The risk associated with future rent increases and decreases is no longer a local decision.
207. The following considerations must be made:
- a) As the self-financing valuation and settlement is premised on the Council continuing to implement the Government's Rent Restructuring formula, the deviation from this with regards the national government mandated CPI + 1 per cent increase could potentially undermine the financial viability of the BCP Council HRA.
 - b) The HRA will be committed in the first instance to the servicing of new and existing debt.
 - c) Only once debt is serviced (funded) can consideration be given to the maintenance standard of the properties and then in turn to the quality of the housing management service.

- d) The Welfare Reform Act changes have affected the payments being made to the HRA and further changes associated with the roll out of U.C. could affect levels of tenant income and further increase rent arrears within the HRA.
 - e) The end of automatic payment of housing costs direct to Landlords, could significantly reduce rent income levels and increase the level of bad debts within the HRA as U.C. continues to roll out.
 - f) 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 are likely to lead to increased costs.
 - g) The requirement to have an effective HRA 30-year business plan to help prepare and manage future costs and requirements to manage the housing stock.
 - h) The ongoing and longer-term impact of Covid is expected to negatively impact on HRA finances if tenants struggle with rent payments and assets cannot be maintained on site in a timely way due to social distancing.
208. The recommendations presented here assures compliance with the national rent setting policy and the key principles have been approved by the Department of Levelling Up, Housing and Communities. The proposal ensures the appropriate maintenance and development of HRA stock across the Bournemouth and Poole neighbourhoods. Not approving this report would significantly risk the ability for BCP Council to comply with central government and national legislation that govern the HRA budget process.

Background papers

Policy Statement on Rents for Social Housing, February 2019

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781746/Policy_Statement.pdf

Appendices

- 1: The Rent Increase Effect on Residents
- 2: Service Charges for 2022-23
- 3: Income and Expenditure Statement for 2022-23
- 4: HRA Balances for 2022-23
- 5: Capital Programme for 2022-23 to 2026-27
- 6: Major Project Capital Programme for 2022-23
- 7: Delivery Plan – (Bournemouth Neighbourhood)

8: Delivery Plan – Poole Housing Partnership (Poole Neighbourhood)