Report for:	Cabinet 10 December 2024
Title:	**Housing Revenue Account Business Plan and Budget 2025/26 Proposals**
Report authorised by:	Taryn Eves – Director of Finance and Jonathan Kirby – Director of Placemaking and Housing
Lead Officer:	Kaycee Ikegwu – Head of Finance
Ward(s) affected:	All
Report for Key/ Non Key Decision:	Key

1. Describe the issue under consideration.

1.1 The Housing Revenue Account (HRA) covers income and expenditure relating to the Council's own housing stock. It is an account that is ring-fenced from the Council's general fund as required by the Local Government Act 1989.

1.2 Every year, the Council sets a business plan for its Housing Revenue Account (HRA). This business plan considers projected income and expenditure over a 10- and 30-year period and the income generated from tenants and leaseholders is used solely for the purpose of investment in its homes, in delivering new council homes, and providing good quality services to its tenants and leaseholders.

1.3 The HRA and the services that the Council provides for its Council tenants and leaseholders are governed through the Social Housing (Regulation) Act 2023 which introduces a new regulatory framework, with a greater emphasis on residents' engagement. The HRA must ensure its management function of its housing stock is robust, offers good value for money and meets the needs of all its residents.

1.4 This report provides an update on the aims and ambitions across the medium and long term and proposals for the 2025/26 budget which will be agreed at Council in March 2025. It provides details of the assumptions for forecast income and therefore planned expenditure for next year as well as an update on the future financial outlook for the HRA.

1.5 The HRA supports the delivery of the Council's Housing Strategy 2024-2029 which sets out Haringey's approach to all housing in the borough and sets specific objectives and targets for its own housing stock, to significantly invest in improving its existing homes and to provide good quality services as a landlord of social housing to its tenants and leaseholders as well as delivering the Council's ambition to deliver 3,000 new council homes by 2031. Delivery of the Housing Strategy must be underpinned by a strong and sustainable HRA.

2 Cabinet Member Introduction

2.1 One of our top priorities is ensuring that our residents have safe, stable, warm, comfortable homes. One of our strongest levers to ensure this is by investing in our existing housing and by building new council housing – to make sure that our current tenants live in high quality homes and to increase the number of homes we can let to the many families and individuals in the borough who need the security of social housing to be able to set down roots and thrive.

2.2 Ensuring that we have a sustainable housing revenue account means that we are able to plan our investment programme in our homes, ensuring they all have modern kitchens and bathrooms, are safe, warm and dry, and cheaper to heat. It also enables our ambitious housing delivery programme, which is on track to deliver our 3000 new council homes by 2031.

2.3 These major investment programmes also ensure the long-term viability of the housing revenue account, by both reducing future expenditure on repairs and by growing the rental income base.

2.4 As well as capital investment, the housing revenue account delivers important services to our tenants and leaseholders, including tenancy services, income services (including the financial inclusion service), estates and neighbourhood services – so that residents that need support are able to live well in their homes and communities.

2.5 Setting a sustainable housing revenue account has become significantly more challenging in recent years, with the combined pressures of higher interest rates and inflation, as well as the continued high costs of repairs and important building safety works, putting pressure on the housing revenue account. However, we are able to continue to provide services to our tenants and leaseholders, and to invest in their homes, and in bringing new homes and new council tenants to Haringey.

3 Recommendations

3.1 It is recommended that Cabinet:

a) Note the HRA's current financial position as set out in this report which sets the foundations for the full draft budget for 2025/26 and 2025/26-29/30 Business Plan.

b) Note that the final HRA 2025/26 Budget and 2025/26-29/30 Business Plan will be presented to Cabinet on 11 February 2025 to be recommended for approval to the Full Council meeting taking place on 3 March 2025.

4 Reasons for decision

4.1 The Council must legally set a balanced HRA budget and have a sustainable HRA Business Plan to ensure that it is able to manage and maintain its homes, provide services to tenants and leaseholders and build much needed new Council homes.

5 Alternative options considered

5.1 Not Applicable

6 Background information

6.1 The Housing Revenue Account (HRA) is the Council's record of the income and revenue expenditure relating to council housing and related services. Under the Local Government and Housing Act 1989, the HRA is ring-fenced and cannot be subsidised by the General Fund, including through increases in council tax. Equally, any surplus in the HRA or balances held in reserves cannot be transferred to the General Fund. Since April 2012, the HRA has been self-financing. Under self-financing, Councils retain all the money they receive from rent and use it to manage and maintain their homes.

6.2 The Council sets a medium and long-term Business Plan for its HRA. This allows the Council to plan for investment in its housing stock, investment in building much needed new council housing for the borough and to ensure that services for tenants and leaseholders continue to be delivered.

<u>HRA Financial Plan Overview</u>

6.3 The 30-year HRA Business Plan is based a long-term assessment of the need for investment in Council homes. The plan includes the development and acquisition of new housing, the acquisition of existing homes, investment in existing housing to ensure its long-term sustainability, and other cyclical maintenance requirements. It also incorporates forecasts of income streams, interest levels and inflation.

6.4 The plan includes the modelling of the planned revenue and capital spending, the implications of all planned work in the HRA to deliver council priorities and provides the basis for understanding the affordability of current capital programme delivery plans and assessing options to ensure a viable HRA over a longer period. It considers the build costs, inflation, exposure to housing market volatility and delivery capacity within the Council.

6.5 The increases in energy costs, inflation and interest rates rises presents a level of challenge and difficulty in delivering the investment needed now and the viability of the HRA in the medium to long-term. In addition, the failure to reduce expenditure on repairs, the high level of voids – following years of under-investment in the housing stock presents a further significant strain on the HRA.

6.6 This Business Plan factors in the best estimates and assumptions on cost inflation, pay award, voids rate, bad debt provision, borrowing rate, potential grants, receipts from market sales, continued investment in repairs, and legal disrepair/compensation costs. These have all been factored into this the proposed budget for next year and across the medium term.

6.7 The plan recognises that to undertake the proposed extensive investment programme, the HRA must be viable now and in the future. It also recognises that there will be ongoing reviews to update and test viability before future programmes of investment are released. One of the measures of viability of the HRA is the annual revenue contribution to capital outlay (RCCO), which reduces the need for external borrowing. RCCO is the revenue surplus after expenditure; and it is key in assessing the HRA's resilience. The plan seeks to maintain an ongoing £8m minimum annual surplus. This provides an appropriate level of in-year financial cover, in recognition of the risks such as changes in government policies, operational factors and those associated with an extensive development programme. The plan also assumes a year on year working balance of £20m. This increased position was established at the end of 2021/22 and is recommended to be retained to enable the Council to deal with any unforeseen risks in the light of the extensive programme it is undertaking and the challenging external environmental factors.

6.8 In the current iteration of the Business Plan as detailed in this report, the revenue surplus is forecast at below £8m in the current MTFS period, with surplus above £8m in the years beyond year 5. Work is still on-going to ensure that further savings are identified to close the gap to £8m surplus by February 2025.

6.9 As announced in the 2024 Autumn budget, right to buy (RTB) discount caps will be reduced with effect from 21 November 2024, and maximum cash discounts will not be indexed in line with inflation.

6.10 This means that the discount caps going forward will revert to the figures set in 2003, when property prices were considerably lower, especially in London and the Southeast (£16,000) in contrast to recent maximum sum of £136,400.

6.11 This will have impact on the number of sales and sales receipts. However, it is anticipated that local authorities will be able to retain more of its tenanted stocks.

6.12 It was further confirmed that local authorities will be able to use 100% of their retained receipts from RTB sales to fund replacement affordable housing, rather than returning a share of those receipts to HM Treasury.

6.13 These, alongside the other flexibilities announced in July as to how local authorities can use such receipts, is intended to enable better replacement rates for any homes that are still sold under RTB with the new lower discounts.

6.14 The full implication of these have not been reflected in this December draft report as some details are being awaited from government to enable a robust assessment of the implication. It is expected that the implications will be reflected in the February 2025 cabinet report.

2024/25 Quarter 2 (Q2) Financial Position

6.15 In March, Cabinet approved the HRA budget for 2024/25 projected to achieve a surplus of £8.603m. At end of Quarter 2, the HRA is projected to achieve a surplus of £4.365m. This represents an underachievement of £4.238m against the budgeted surplus and is the starting position for developing the 2025/26 draft budget and 30 year Business Plan.

6.16 This reduced surplus is mainly driven by forecast overspends in the Housing Repairs service and underachievement of income due to higher than anticipated levels of voids. Further details on this and mitigations are contained in the Quarter 2 monitoring report to Cabinet in December 2024.

HRA Income

6.17 The main sources of income to the HRA are rents and service charges. It is therefore essential to the sustainability of the HRA that the Council collects rent and service charges effectively and supports tenants to pay their rent and service charges in full.

6.18 The Council's Financial Inclusion Team works to support Haringey tenants and leaseholders who might be facing financial difficulties. They do this by working with tenants, ensuring they are able as best possible to access good quality work, and ensuring that they are accessing all benefits to which they are entitled. In turn, this means that tenants and leaseholders are better able to pay their rent and service charges, which supports the long-term sustainability of the HRA. In October 2024, Cabinet agreed the tenant and leaseholders' income collection policies and arrears policies, which further underpins this work.

6.19 The HRA also supports tenants who are in financial hardship due to the increased cost of living, and who are therefore finding it difficult to pay their rent and service charges, with a tenant hardship fund. This provides one-off rent credits to tenants who have recently fallen into arrears based on a data-informed approach.

Housing Rent - Existing Council Tenants

6.20 The Council is required to set the rent increases in council-owned homes every year but there are strict limits for existing tenants. From 2020/21, the government has permitted Local Authorities in England to increase existing tenants' rents by no more than the Consumer

Price Index (CPI), at September of the previous year, plus 1%. It should be noted that this comes after a government policy of reducing council rents, which in turn impacted the long-term viability of HRAs and the ability to invest sufficiently in housing stock.

6.21 On 30 October 2024, the government announced in the Autumn Statement 2024 that there will be a £5bn investment in housing in 2025/26. As part of this investment, there will be a £500m boost to the affordable homes programme to build up to 5,000 extra homes. The details of this will be made available soon. It also announced that social rents will continue to increase by a maximum of September CPI + 1%.

6.22 Therefore, the proposed rent increase in 2025/26 of 2.7% is based on September CPI of 1.7% plus 1%.

6.23 On this basis, the proposed average weekly rents for general needs and sheltered/supported housing will increase by £3.44 from £127.33 to £130.77 in 2025/26. There is a range of rents across different sizes of properties. Table 1 below sets out the proposed average weekly rents by property size based on the rent increase of 2.7% for 2025/26 with effect from 7th April 2025.

Table 1: Proposed Average Weekly Rent 2025/26

Number of Bedrooms	Number of Properties	Current average weekly rent 2024/25	Proposed average weekly rent 2025/26	Proposed average rent increase	Proposed percentage increase
Bedsit	129	£103.30	£106.09	£2.79	2.7%
1	5,362	£109.41	£112.36	£2.95	2.7%
2	5,238	£127.52	£130.96	£3.44	2.7%
3	3,725	£146.01	£149.95	£3.94	2.7%
4	613	£166.23	£170.72	£4.49	2.7%
5	111	£194.46	£199.71	£5.25	2.7%
6	15	£202.09	£207.55	£5.46	2.7%
7	2	£191.22	£196.38	£5.16	2.7%
All dwellings	**15,195**	**£127.33**	**£130.77**	**£3.44**	**2.7%**

Formula Rent and Rent Caps

6.24 Central Government, through the Regulator of Social Housing, also sets the formula for calculating social housing rents in new tenancies.

6.25 The national formula for setting social rent is intended to enable Local Authorities to set rents at a level that allows them to meet their obligations to their tenants, maintain their stock (to at least Decent Homes Standard) and continue to operate a financially viable HRA, including meeting their borrowing commitments.

6.26 The formula is complex and uses national average rent, relative average local earning, relative local property value, and the number of bedrooms to calculate the formula rent.

6.27 Formula rents are subject to a national social rent cap. The rent cap is the maximum level to which rents can be increased to in any one financial year, based on the size of the property. Where the formula rent would be higher than the rent cap for a particular property, the national social rent cap must be used instead. Rent caps for 2025/26 are as shown below in table 2.

Table 2: 2025/26 Bedroom Rent Caps

Number of Bedrooms	2025/26 Rent Cap
1 and bedsits	£194.06
2	£205.45
3	£216.87
4	£228.27
5	£239.69
6 or more	£251.10

Housing Rent - New Council Tenants

6.28 Rents for new tenancies are set according to a formula (hence the term ‘formula rent’). This is for new tenancies in either a relet of an existing council home, or a newly build council home.

6.29 The Policy statement on rents for social housing also includes provision for social landlords to apply a 5% flexibility on formula rents: ‘*The government’s policy recognises that registered providers should have some discretion over the rent set for individual properties, to take account of local factors and concerns, in consultation with tenants. As a result, the policy contains flexibility for registered providers to set rents at up to 5% above formula rent (10% for supported housing – as defined in paragraphs 2.39-2.40 below). If applying this flexibility, providers should ensure that there is a clear rationale for doing so which takes into account local circumstances and affordability*.’

6.30 The 2024-2029 HRA Business Plan approved in March 2024, applied this 5% flexibility to formula rents. This was to ensure that, in the ongoing challenging financial climate, the Council could continue to meet its obligations to its tenants by investing in its stock, ensure that all homes meet at least the decent homes standard, ensure that homes meet the council’s sustainability objectives and ensure homes are warm and cheaper to heat for tenants while still setting a balanced HRA. This continues to be the Council’s policy.

London Affordable Rent

6.31 London Affordable Rent (LAR) was introduced by the Mayor of London in 2016 as a social housing product for new affordable homes funded by Building Council Homes for Londoners (BCHFL) grant. It reflects the 2015/16 formula rent cap uprated by CPI plus one per cent every year. These LAR rents are at the same level anywhere in London. LAR homes are let by councils on secure tenancies, and by other registered providers.

6.32 The BCHFL grant programme allocated grant on the basis that homes for low-cost rent would be let at London Affordable Rent (LAR) rather than formula rent. The historically relatively low level of grant – a flat rate of £100,000 per unit – reflected that expectation.

6.33 In the 2023/24 HRA Business Plan it was agreed to let homes built as part of the GLA’s 2016-2021 programme at LAR.

6.34 Table 3 below shows London Affordable Rents for 2025/26. This represents an uplift on 2024/25 LAR Rents by September CPI plus 1%.

Table 3: 2025/26 LAR

Number of Bedrooms	2025/26 LAR
1 and bedsits	£206.87
2	£219.02
3	£231.18
4	£243.35
5	£255.52
6 or more	£267.67

Rent for other homes held in the HRA.

Homes acquired and leased to the HCBS.

6.35 All properties acquired since 1 April 2019 for housing homeless households held in the HRA are leased to Haringey Community Benefit Society (HCBS) and let by the HCBS at Local Housing Allowance (LHA) rent levels.

6.36 The HRA financial plan includes in its income the lease charges to HCBS for a maximum period of seven (7) years from the time of acquisition. From year eight (8), it recognises incomes from these properties at formula rent, with the normal annual rent increases of CPI plus 1%, as these properties are assumed will revert to the HRA after 7 years of lease.

6.37 From 7th April 2025, all other council-owned properties, in the HRA, used as temporary accommodation under a Council non-secure tenancy will have proposed rent increases of 2.7% (CPI + 1%).

6.38 It is proposed that the rent charged properties held for temporary accommodation in the HRA be aligned to HRA rent standards. Currently these are set by the “Rents and Charges for Temporary Accommodation” approved on 3 April 2017. The rents and charges in this document have not been updated in light of subsequent changes in legislation, and specifically, the Rent Standard, and so restricts rents and income.

6.39 It is proposed that the following changes are made to allow the HRA to set rents at an appropriate level in line with the Rent Standard. Specifically, where the Rent Standard applies to new tenancies and licences in HRA properties.

- Rents for existing Council owned properties (including new Lodges) are set at the level permitted by the Rent Standard.
- Service charges are set at a level to recover the full costs of those services.

The rent element is currently limited to formula rent plus + 5% for self-contained homes and plus 10% for Birkbeck Lodge, plus full recovery of the cost of providing services.

6.40 Where the Rent Standard applies to existing tenancies and licences, that rents and services charges are updated annually in April in line with the Rent Standard.

6.41 There may be circumstances where rents are not governed by the Rent Standard. Where the Rent Standard does not apply to properties held in the HRA, that rents will be set at a level that is fully payable through housing benefit or universal credit. Service charges should be set at a level to recover the full costs of services provided.

Shared Ownership Rents

6.42 There are a small number of shared ownership properties in the HRA, and their rents are to be increased in line with their contracts, typically January RPI +0.5%. The Government announced, last year, that for new shared ownership properties the rent on the unsold portion is to be increased by CPI +1%.

Tenants' Service Charges

6.43 In addition to rents, tenants pay charges for services they receive which are not covered by the rent.

6.44 Service charges must be set at a level that recovers the cost of the service, and no more than this. Charges are calculated by dividing the budgeted cost of providing the service to tenants by the number of tenants receiving the service. Therefore, a flat rate is charged to tenants receiving each service and the weekly amount is fixed. The amount tenants pay increases where the cost of providing the service is anticipated to increase. Equally, charges are reduced when the cost of providing the service reduces or where there has been an over-recovery in the previous year.

6.45 The Council's policy is to fully recover the cost of providing a service to tenants. Service charges are covered by housing benefit and Universal Credit, so any tenant in receipt of these benefits will have these costs covered.

6.46 The services tenants currently pay for are listed below:

- Concierge
- Grounds maintenance
- Caretaking
- Street sweeping (Waste collection)
- Estates road maintenance
- Light and power (Communal lighting)
- TV aerial maintenance
- Door entry system maintenance
- Sheltered housing cleaning service
- Good neighbour cleaning service
- Window cleaning service
- Converted properties cleaning
- Heating

6.47 Tenants living in sheltered and supported housing also pay the following additional support charges:

- Sheltered Housing Charge
- Good Neighbour Charge
- Additional Good Neighbour Charge

6.48 The applicable charges proposed for 2025/26 is as shown in table 4 below.

Table 4 – Proposed Tenants' Service Charges with effect from 7th April 2025

Tenants' Service Charges	Current Weekly Charge 2024/25	Draft Proposed Weekly Charge 2025/26	Increase / Decrease	
Property Charges:				
Concierge	£26.62	£27.39	£0.77	3%
Grounds Maintenance	£3.47	£3.15	-£0.32	-9%
Caretaking	£7.62	£9.25	£1.63	21%
Street Sweeping	£8.57	£8.45	-£0.12	-1%
Estates Road maintenance	£0.77	£0.77	£0.00	0%
Communal Lighting (Light & Power)	£4.04	£3.45	-£0.59	-15%
TV aerial maintenance	£0.41	£0.38	-£0.03	-7%
Door entry system maintenance	£1.11	£1.12	£0.01	1%
Sheltered housing cleaning service	£2.48	£2.72	£0.24	10%
Good neighbour cleaning service	£1.76	£1.85	£0.09	5%
Window cleaning	£0.67	£0.69	£0.02	3%
Converted Properties Cleaning	£3.93	£5.06	£1.13	29%
Sheltered Housing Blocks Heating *1	£18.33	£12.65	-£5.68	-31%
Garton House / Lowry House Heating *1	£15.33	£10.58	-£4.75	-31%
Ferry Lane Estate / Runcorn Heating *1	£21.83	£15.07	-£6.76	-31%
Rosa Luxemburg - District Heating 8 *1	£7.14	£4.93	-£2.21	-31%
William Atkinson House Heating *1	£19.45	£13.57	-£5.88	-30%
Support Charges:				
Sheltered Housing Charge	£33.40	£35.68	£2.28	7%
Good Neighbour Charge	£14.93	£15.24	£0.31	2%
Good Neighbour Charge (Stokley Court)	£18.17	£18.80	£0.63	3%

*Notes: 1 – The heating charges do not include any surplus/deficit balancing adjustment for 2023/24.

<u>Heating charges</u>

6.49 The Council has two types of heating charges: flat rate charges and metered charges. A policy for setting both types of heating charges was agreed by Cabinet in March 2023.

6.50 The heating charges reflect the projected usage in the blocks and projected energy rates for 2025/26. The current intelligence from the Council's energy supplier (Laser) is that costs in 2025/26 are expected to be approximately 31% lower than costs in 2024/25 and this has been reflected in the proposed charges in the table above.

6.51 The charges included in the table above are provisional and have not fully followed the agreed service charge setting policy, because at this stage not all of the information needed is available. They will be updated in the next update to Cabinet in February 2025 in accordance with the agreed policy to take into account any surplus or deficit adjustment for 2023/24, and so remain provisional and subject to change.

6.52 Where properties are metered (as is the case at Broadwater Farm, Walter Tull House and soon to be Aaron Gayle Court), the charges will be based on usage for each property and proposed tariffs are detailed in the table below. Again, these are expected to reduce by 31% compared to 2024/25 charges. Given the Council did not have any metered blocks in 2023/24, there is no surplus/deficit to consider when setting the 2025/26 charges for these blocks with metered properties.

Table 5 – Proposed Metered Tariffs with effect from 7th April 2025 (2025/26)

Metered blocks (same tariff applies to all sites)	**Current Tariff 2024/25**	**Draft Proposed Tariff 2025/26**	**Increase / Decrease**	
Weekly standing charge (£/wk)	£3.65	£3.65	£0.00	0%
Price per unit of heat (pence/kWh)	7.90p	5.42p	-2.48p	-31%

Rent Consultation

6.53 There is no requirement for tenant consultation on existing rents and service charge increases (but there is a duty to notify tenants of such increases once a decision has been made). Haringey Council's rents are set in accordance with government rent standard and no new charges are being introduced for the tenants' service charges. Tenants must be given at least four weeks' notice before the new rents and service charges for 2025/26 start on 7th April 2025.

6.54 The Council has planned engagement with tenants and leaseholders on this HRA Business Plan using the established tenant and leaseholder engagement channels. This engagement will take place following the meeting of the Cabinet to consider this report on 10 December 2024. Any feedback from the engagement will be considered by the Cabinet in February 2025 before the final HRA budget for 2025/26 and Business Plan is recommended to Council on 3 March 2025.

HRA Revenue Expenditure

6.55 Significant items of revenue expenditure in the HRA include repairs costs (£31.5m), housing management costs (£34.5m), capital financing charges (£26.1m) and depreciation (£22.7m). These four items constitute approximately 80% (£115m) of the total expected HRA expenditure (£144m) in 2025/26.

6.56 The proposed spend on repairs to the housing stock presents a significant strain on the HRA. The increase in the cost of repairs shows the Council's commitment to providing a good, timely, repairs service, in line with the new responsive repairs policy agreed by Cabinet in October 2024.

6.57 The cost of repairs is significant and comes following a failure to sufficiently invest in council housing over a number of years. It is expected that as investment in homes increases in the coming years, as described below, the number of repairs and therefore the cost of repairs will come down.

6.58 Additionally, the cost of repairs includes the cost of bringing void properties back into use – in other words, when a home is vacated and ready to be relet, works are carried out to bring the home up to the required standard. When new homes are delivered through the delivery programme, they are often let in the first instance to existing tenants through the Neighbourhood Moves Scheme. Although these homes are offered in the first instance to tenants who are freeing up a large home and are downsizing to their new home (and therefore allowing larger family homes to be let to households who need these) and then to overcrowded households; households who have no housing need are also allowed to move to new homes through the Neighbourhood Moves Scheme. This means that void costs are incurred without meeting housing need. Amending the Neighbourhood Moves Scheme could therefore lead to reduced void costs. Any change to the Neighbourhood Moves Scheme would need to be implemented through an amended Housing Allocations Policy.

6.59 The management cost is also significant and is necessary to ensure that tenants and leaseholders are provided with a good quality service from the council. This plan makes provision for the Council to increase the number of housing officers to ensure that tenants are provided with the necessary support and advice.

6.60 The capital financing charge is the interest on HRA loans and internal funding and is budgeted at £0.9m above the 2024/25 level due to some loans due for re-financing. These are projected to be re-financed at slightly higher rate than when they were originally taken out.

6.61 Depreciation is a cash charge to the HRA to reflect the need to finance the replacement of components within HRA homes over time. The depreciation charges to the HRA are transferred into the Major Repairs Reserve (MRR). The Major Repairs Reserve is used to build up capital sums that can be used to finance the capital programme.

6.62 The proposed HRA capital programme supports the delivery of over £3.1bn investment in the Council's existing stock over the next 30 years, and the delivery of over 3,000 new council homes by March 2031.

6.63 There are of course risks such as the impact of the current inflation and interest rate rises on collection of rent, capacity to build, and overall sustainability of the HRA. However, these risks have been factored into this iteration of the HRA budget/Business Plan. The forecast revenue contribution to capital outlay (RCCO) is currently below the set minimum of £8m throughout the proposed MTFS period (2025/26-2029/30).

6.64 There is ongoing review and work to identify further savings proposals to ensure that the RCCO reaches the £8m minimum by the time the final report is taken to cabinet in February 2025. It should be noted that the financial plan recognises the management of risks in these periods via the use of working balance which currently projected at £20m by March 2025.

Proposed HRA Business Plan (2025/26-2029/30)

6.65 This report sets out the proposed HRA 5 years Budget/Business Plan in Table 6 below. It accommodates the scale of development presently assumed within the business and financial planning in terms of its impact of the future years HRA revenue position. It also takes into consideration the current inflation and interest rates and its impact in next year's rent charges. The draft HRA budget for 2025/26 to 2029/30 is as shown below in Table 6. The subsequent 5 years depicts an improvement in the HRA financial position as shown in Table 6.1.

Table 6 – Proposed HRA 5-Year Revenue Budget (2025/26 – 2029/30)

Housing Revenue Account (HRA)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Income & Expenditure	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**5 Years**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Income						
Dwellings Rent Income	(115,018)	(122,672)	(132,203)	(139,162)	(149,228)	**(658,283)**
Void Loss	2,123	1,182	1,277	1,345	1,445	**7,372**
Hostel Rent Income	(2,343)	(2,409)	(2,476)	(2,545)	(2,616)	**(12,389)**
Service Charge Income	(16,763)	(17,538)	(18,471)	(19,315)	(20,239)	**(92,326)**
Leaseholder Income	(10,829)	(11,086)	(11,353)	(11,627)	(11,907)	**(56,802)**
Other Income (Garages /Aerials/Interest)	(1,639)	(1,998)	(2,038)	(2,079)	(1,716)	**(9,470)**
Total Income	**(144,468)**	**(154,521)**	**(165,264)**	**(173,383)**	**(184,261)**	**(821,898)**
Expenditure						
Repairs	31,502	32,818	33,003	33,512	34,111	**164,946**
Housing Management	34,505	32,446	33,095	33,757	34,432	**168,235**
Housing Demand	1,879	1,879	1,879	1,879	1,879	**9,396**
Estates Costs (Managed)	14,975	15,423	15,731	16,046	16,367	**78,542**
Provision for Bad Debts (Tenants)	2,188	1,228	1,313	1,377	1,467	**7,573**
Provision for Bad Debts (Leaseholders)	260	266	272	279	286	**1,363**
Other Costs (GF Services)	3,671	3,744	3,819	3,895	3,973	**19,102**
Other Costs (Property/Insurance)	2,212	2,256	2,301	2,347	2,394	**11,511**
Capital Financing Costs	26,180	33,995	42,105	49,618	55,924	**207,822**
Contribution to Major Repairs (Depreciation)	22,729	23,776	25,044	26,181	27,434	**125,164**
Revenue Contributions to Capital	**4,367**	**6,690**	**6,702**	**4,491**	**5,993**	**28,243**
Total Expenditure	**144,468**	**154,521**	**165,264**	**173,383**	**184,261**	**821,898**
HRA (Surplus) / Deficit	0	0	0	0	0	0

Table 6.1: Proposed HRA Revenue budget (2030/31-2034/25)

Housing Revenue Account (HRA)	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Income & Expenditure	**2030-31**	**2031-32**	**2032-33**	**2033-34**	**2034-35**	**5 Years**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Income						
Dwellings Rent Income	(157,504)	(165,884)	(173,604)	(179,857)	(185,818)	**(862,667)**
Void Loss	1,527	1,610	1,686	1,747	1,806	**8,376**
Hostel Rent Income	(2,689)	(2,764)	(2,842)	(2,921)	(3,003)	**(14,219)**
Service Charge Income	(21,076)	(21,887)	(22,598)	(23,125)	(23,627)	**(112,313)**
Leaseholder Income	(12,194)	(12,487)	(12,787)	(13,094)	(13,409)	**(63,971)**
Other Income (Garages /Aerials/Interest)	(1,750)	(1,786)	(1,821)	(1,858)	(1,895)	**(9,110)**
Total Income	**(193,685)**	**(203,198)**	**(211,966)**	**(219,108)**	**(225,946)**	**(1,053,904)**
Expenditure						
Repairs	34,721	35,416	36,124	36,847	37,584	**180,692**
Housing Management	35,121	35,823	36,539	37,270	38,016	**182,769**
Housing Demand	1,879	1,879	1,879	1,879	1,879	**9,396**
Estates Costs (Managed)	16,694	17,028	17,368	17,716	18,070	**86,876**
Provision for Bad Debts (Tenants)	1,541	1,617	1,686	1,743	1,796	**8,383**
Provision for Bad Debts (Leaseholders)	293	300	307	314	322	**1,536**
Other Costs (GF Services)	4,053	4,134	4,216	4,301	4,387	**21,090**
Other Costs (Property/Insurance)	2,442	2,491	2,541	2,592	2,644	**12,709**
Capital Financing Costs	61,971	66,617	69,775	72,058	73,102	**343,523**
Contribution to Major Repairs (Depreciation)	28,575	29,671	30,635	31,359	32,034	**152,274**
Revenue Contributions to Capital	**6,396**	**8,222**	**10,895**	**13,029**	**16,113**	**54,655**
Total Expenditure	**193,685**	**203,198**	**211,966**	**219,108**	**225,946**	**1,053,904**
HRA (Surplus) / Deficit	0	0	0	0	0	0

Proposed HRA 5 Years Capital Programme (2025/26 – 2029/30)

6.66 The HRA has a significant capital investment programme. This programme can be divided into two main strands: investment in existing housing stock and investment in delivering and acquiring new housing into the HRA.

6.67 Both strands are essential to ensure that all residents are living in good quality, safe, secure housing. They are also essential to ensuring the long-term financial sustainability of the HRA. Investing in the Council's housing now means that in the longer term the cost of repairs and disrepair is minimised. Establishing a holistic programme of planned investment helps us to ensure that these works provide value for money and the programme ensures the long-term safety of our homes, and their sustainability.

6.68 Investing in new housing – whether that is through the direct delivery of newly built housing, the acquisition of newly built housing or the acquisition of existing homes, generally used to provide accommodation for homeless households, supports the long-term sustainability of the HRA by growing the revenue base through increased rental income.

6.69 The HRA Business Plan is geared towards maximising the use of other available resources and use of borrowing as last resort, while maintaining a working balance of £20m. The capital programme funding is through a mix of grant funding, S106 monies, revenue contributions and prudential borrowing. The total capital investment in 2025/26 is expected to be £256m, fully funded from grants, the Major Repairs Reserve, revenue contributions, RTB retained capital receipts, leaseholder contributions and borrowing. Details are set out in Table 7 for forecast capital spend between 2025/26 to 2029/30.

Table 7 – Proposed HRA 5 Year Capital Programme (2025/26 – 2029/30)

Housing Revenue Account (HRA)	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Investment & Financing	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**5 Years**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Capital Investment						
Major Works, Including Carbon Reduction	62,550	70,164	75,850	75,769	80,510	**364,843**
Fire Safety Works	8,041	8,366	7,460	5,631	5,743	**35,241**
Broadwater Farm Works	19,713	17,575	16,975	16,975	16,974	**88,212**
Total Existing Stock Investment	**90,304**	**96,105**	**100,285**	**98,375**	**103,227**	**488,296**
New Homes Build Programme	124,306	121,369	120,976	96,366	70,791	**533,808**
New Homes Acquisitions	18,744	19,584	15,809	5,965	0	**60,102**
TA Acquisitions	23,053	23,745	24,457	25,191	25,947	**122,393**
Total Capital Investment	**256,407**	**260,804**	**261,529**	**225,897**	**199,968**	**1,204,604**
Capital Investment Financing						
Grants (GLA)	45,820	74,042	35,032	28,616	10,468	**193,978**
Major Repairs Reserve	22,729	23,776	25,044	26,181	27,434	**125,164**
Revenue Contributions	2,005	6,689	6,703	4,490	5,994	**25,881**
RTB Capital Receipts	9,455	9,735	9,795	6,461	6,818	**42,264**
Leaseholder Contributions to Major Works	7,144	6,965	7,022	6,936	6,965	**35,032**
Market Sales Receipts	1,348	1,613	1,482	15,450	450	**20,343**
Borrowing	**167,906**	**137,984**	**176,451**	**137,763**	**141,840**	**761,944**
Total Capital Financing	**256,407**	**260,804**	**261,529**	**225,897**	**199,968**	**1,204,604**

6.70 The projected HRA capital programme budget over the subsequent 5 years is as shown in Table 7.1 below.

Table 7.1: Projected HRA Capital Programme (2030/31- 2034/35)

Housing Revenue Account (HRA)	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Investment & Financing	**2030-31**	**2031-32**	**2032-33**	**2033-34**	**2034-35**	**5 Years**
	£'000	£'000	£'000	£'000	£'000	**£'000**
Capital Investment						
Major Works , Including Carbon Reduction	78,954	62,604	58,733	59,884	48,388	**308,563**
Fire Safety Works	1,172	1,195	1,219	1,243	1,243	**6,072**
Broadwater Farm Works	16,725	16,725	0	0	0	**33,450**
Total Existing Stock Investment	**96,851**	**80,524**	**59,952**	**61,127**	**49,631**	**348,085**
New Homes Build Programme	66,181	62,471	56,345	58,088	29,655	**272,741**
TA Acquisitions	26,725	27,527	28,353	29,204	0	**111,809**
Total Capital Investment	**189,758**	**170,522**	**144,650**	**148,421**	**79,287**	**732,638**
Capital Investment Financing						
Grants (GLA)	6,450	12,900	12,900	12,900	6,450	**51,600**
Major Repairs Reserve	28,575	29,671	30,635	31,359	32,034	**152,274**
Revenue Contributions	6,397	8,224	10,894	13,032	7,584	**46,131**
RTB Capital Receipts	7,196	7,591	8,007	8,444	512	**31,750**
Leaseholder Contributions to Major Works	6,567	5,578	4,934	4,652	4,171	**25,902**
Market Sales Receipts	0	25,183	26,246	27,363	28,536	**107,328**
Borrowing	**134,573**	**81,375**	**51,034**	**50,671**	**0**	**317,653**
Total Capital Financing	**189,758**	**170,522**	**144,650**	**148,421**	**79,287**	**732,638**

6.71 The Council continues to project an ambitious HRA capital programme both in terms of investing in its existing stock and new build. The financial sustainability of this is reflected in the forecast revenue position as set out in Tables 6 and 6.1.

6.72 This Business Plan presents reprofiled costs in major works, carbon reduction, fire safety budget – to meet current regulatory requirements (Building Safety & Fire Safety legislation) and reach 100% Decent Homes standard, following self-referral.

Investment in our existing stock

6.73 The existing stock investment programme has been prioritised to achieve the following targets:

- Ensuring that 100% of homes meet the Government's Decent Homes Standard by the end of 2028, as agreed with the regulator of social housing, and to ensure all homes continue to meet the decency standard thereafter.
- Ensuring the Council's housing stock meets all regulatory and statutory obligations including those of the Building Safety and Fire Safety acts.
- Improving the energy performance of homes to minimise the impact of rising energy costs for tenants and to reduce carbon emissions.

6.74 A full stock condition survey was completed in 2024 and information was collected for 74% of the Council's properties. This ensures that the Council has the information needed to effectively plan for the required investment across the medium term.

6.75 The council is procuring four geographically based, long-term partnering contracts which will provide the Council with the capacity and capability required to deliver around £570m of the overall planned investment in homes over the next 10 years. These contracts will be mobilised and will start on site in 2025/26.

Major Works & Decent Homes Works

6.76 The Council estimate that £110m will need to be invested by the end of 2028 in order to achieve the Council's target of ensuring all homes meet the decent homes standard by 2028. This will pay for new kitchens and bathrooms, improvements to heating and electrical systems and roof, window and door replacements.

6.77 Over the first 5 years of the programme, the Council will also be prioritising high-rise buildings to carry out building safety works and works to communal mechanical and electrical systems alongside decent homes improvements.

Carbon Reduction Works

6.78 The Council will be improving the energy performance of homes in order to reduce carbon emissions and minimise the effects of rising energy bills on tenants. The Council will be taking a fabric first approach by investing in improvements to windows, doors and wall and roof insulation. Where possible, works will be aligned with other major works programmes and comply with PAS2035/2030 standards.

6.79 Over the next 3 years, the Council will be delivering a retrofit programme to up to 289 properties, including 217 on the Coldfall Estate in Muswell Hill. This will deliver £10m of investment which is being part funded by a Social Housing Decarbonisation Fund Grant of £1.7m. The measures being installed include energy efficient windows and doors; loft/roof insulation; external wall insulation and ventilation.

Fire Safety Works

6.80 The proposed budget/Business Plan is to ensure that all housing stock continues to meet changing statutory requirements. The budget was refreshed in last year and additional investment of £2m was added over the planning period to ensure that the requirement of the recent Fire Safety (England) Regulations 2022 are met. The programme includes front entrance door replacements, window infill panel replacements, Automatic Fire Detection (AFD) to street properties, automatic Fire detection and compartmentation works to timber clad buildings, Intrusive Fire Risk Assessments (FRA) and follow up works.

New Homes

6.81 Haringey has a significant housing delivery programme, with the ambition to deliver 3,000 Council homes by 2031. By the end of 2024, just under 700 households will have moved into newly build council homes as part of the programme.

6.82 Haringey's programme is supplemented by significant grant subsidy from the Greater London Authority (GLA). The anticipated capital spend to 2030 allows the Council to deliver 3,000 Council homes at approximately £594m, of which around £150m is grant subsidy.

6.83 The programme is a mix of homes that are being directly delivered by Haringey, and homes that have been acquired by the Council.

6.84 This financial plan continues to provide for financial resources to meet the Council's commitment to the delivery of high-quality Council homes. This is an integral part of the Council's core HRA business, with a delivery programme that is viable in the long term.

6.85 Over the past five years, the Council has established a housing delivery programme that is committed to delivering 3,000 new council homes for council rent by 2031. These are the first new council homes in Haringey for forty years. The programme has been reprofiled to still deliver the 3,000 homes by 2031, while reducing capital expenditure by 14%. Over 2,000 homes have started on site or completed.

6.86 The new homes are designed through an iterative process of consultation and engagement with Members, planners, and the community.

6.87 Clear, explicit design principles mean that these homes will have the highest standards of design quality – so that homes are beautiful, but also safe, comfortable, and accessible. They will also be easy and affordable to look after for the Council and for the tenant.

6.88 Climate change, carbon management, and sustainability is integral to the design of the Council's new generation of Council homes with the Council targeting zero-carbon and Passivhaus on every development.

6.89 More than 10% of new homes are fully wheelchair accessible, with a target of 20%. Through the Bespoke Homes programme the Council are actively identifying households on the housing register with specific accessibility needs in order to ensure that new homes are designed for them. Additionally, 10% of the programme will be delivered as supported housing for people who need additional support to live independently. It is expected that these supported housing units will also lead to General Fund savings in the future.

6.90 The need for genuinely affordable homes in Haringey, as it is across the country is urgent. More than 12,500 households are currently on the Council's housing register.

6.91 Some housing delivery schemes that are providing a significant number of new council homes for the borough, or are providing much needed supported housing are listed below:

- Walter Tull House - 131 new council homes and a new health centre
- Hale Wharf - 191 new council homes
- Ashley Road Depot - 272 new council homes
- Barbara Hucklesbury - 14 new council homes in partnership with a supported housing provider to provide support for survivors of domestic abuse under the GLA DASHA Programme
- Mallard Place - 150 new council homes
- Sir Frederick Messer - 66 new council homes
- St. Ann's - 131 new council homes including a specialist supported housing building
- Mecca Bingo - 78 new council homes as part of a larger multi-tenure scheme including student housing, commercial space and a pocket park
- High Road West – 546 new council homes as part of a significant new scheme
- Selby – 206 new council homes as part of a significant new scheme

Broadwater Farm Improvement Works and New Build Programme

6.92 The Broadwater Farm (BWF) improvement aims to regenerate the whole estate with £250m of planned investment which will deliver nearly 300 new homes, will retrofit more than 800 existing homes and will make improvements to the public realm and facilities. This is part of the Council's broader Housing Delivery Programme and will make a significant contribution to the Council's overall new council housing target.

6.93 The programme will support social value and placemaking. The Social Value commitments made by contractors will deliver measurable and impactful training, employment and social opportunities.

6.94 New housing, retail units, a health centre and enterprise units will be delivered, alongside major public realm improvements. And in terms of improvements to existing homes and blocks, this will include fire door replacements, decorations to communal areas, new flooring, structural water-proofing, improved energy performance, and accessibility works

Existing Homes Acquisitions – Temporary Accommodation (TA)

6.95 The Council's TA acquisition programme is based on the purchase of homes and subsequent leasing to the Haringey Community Benefit Society (HCBS) to provide housing to households in housing need nominated to it by Haringey Council. This scheme will generate adequate rental income to cover the cost of capital and associated cost. There is also a General Fund (GF) saving generated by the provision of homes to homeless households in the HRA via reduction in the use of privately-owned temporary accommodation in GF. This plan recognises the proposal for additional 100 homes as part of the temporary accommodation reduction plan. These will be funded by government grant, General fund capital contribution and borrowing in the HRA.

7 Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes

7.1 This report sets out the Council's commitment to 'creating homes for the future'

8 Carbon and Climate Change

8.1 This report contributes to the Council's commitment of 'responding to the climate emergency' and details are contained throughout the report.

9. Statutory Officers comments (Director of Finance, Procurement, Head of Legal and Governance, Equalities

Finance

9.1 As the Budget/MTFS report is primarily financial in its nature, comments of the Chief Financial Officer are contained throughout the report.

9.2 The formal Section 151 Officer assessment of the robustness of the HRA's budget, including adequacy of reserves to mitigate against future risks will be made as part of the final budget report to Council in March 2025.

Procurement

9.2 Procurement notes the contents of the report.

Assistant Director of Legal & Governance

9.3 The Assistant Director of Legal & Governance has been consulted in the content of this report. The Council has a duty to keep a HRA under section 74 of the Local Government and Housing Act 1989, the keeping of which must be in accordance with Schedule 4 of that Act. Under Schedule 15 of the Localism Act 2011, local authorities were required to be self-financing in relation to their housing stock, financing their housing stock from their own rents. This report is for noting pending a further report in February 2025 and does not at this stage raise any legal issues.

Equality

9.4 The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between people who share those protected characteristics and people who do not;
- Foster good relations between people who share those characteristics and people who do not.

9.5 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.

9.6 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

9.7 This report details the draft medium term financial strategy for the HRA. Cabinet is asked to approve the business plan. This decision is needed to ensure that the Council has a sustainable HRA. A sustainable HRA means that the council as a landlord can provide services to council tenants and leaseholders, and can invest in their homes, and in new homes for future tenants and leaseholders.

9.8 Ensuring a sustainable HRA benefits two groups in particular. The first group is our existing council tenants and leaseholders, since they live in homes owned and managed by the council. The second group is households on the council's housing register, in particular those in bands A and B, since they stand to benefit from new council homes brought forward in the borough.

9.9 Haringey Council's tenant population shows the following characteristics compared to the wider borough population:

- a significantly higher proportion of young people (under 24) and older people (over 50).
- a significantly higher proportion of individuals who have a disability under the Equalities Act.
- a slightly higher proportion of individuals who report their gender identity as different from sex registered at birth.
- a significantly lower proportion of individuals who are married or in a registered civil partnership.
- a significantly higher proportion of individuals who identify as Muslim, and slightly higher proportion of individual who identify as Christian, Buddhist or another religion. This is countered by a significantly lower proportion of tenants who don't associate with any religion or identify as Jewish, Hindu or Sikh.
- a significantly higher proportion of female individuals.
- a significantly lower proportion of individuals who report their sexual identity as something other than Straight or Heterosexual

9.10 Building new council homes benefits existing council tenants in housing need, and households currently living in temporary accommodation. Data held by the council suggests that women, young people, and people who are BAME are over-represented among those living in temporary accommodation. Furthermore, individuals with these protected characteristics, as well as those who identify as LGBTQ+ and disabled people are known to be vulnerable to homelessness.

9.11 As such, it is reasonable to anticipate a positive impact on residents with these protected characteristics.

10 Use of Appendices

10.1 None

11 Background papers

11.1 None