

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

January 14th, 2025

REPORT AUTHOR: County Councillor James Gibson-Watt
Leader of the Council

REPORT TITLE: Housing Revenue Account Rent and Related Charges -
Changes for 2025-26

REPORT FOR: Decision

1. Purpose

- 1.1 This report sets out a series of recommended changes for Council Housing Rents, Garage Rents and all property and tenancy related Service Charges, for the financial year 2025-26.
- 1.2 The Council's Tenant Scrutiny Panel (TSP) has considered the options available for changes to rents for the financial year 2025-2026 and supports the recommendation set out in this report.
- 1.4 A separate report setting out the detail of Housing Revenue Account (HRA) Thirty Year Business Plan recommended for the period beginning in April 2025 and reflecting the decisions taken in respect of the recommendations made in this report, will be presented to Cabinet in March 2025.

2. Background

- 2.1 The HRA is made up of income from rents and other housing related charges. This income is used to fund all HRA landlord related services including salaries, central service recharges and all services delivered to the Council's tenants. It also underpins the Council's ability to deliver a balanced and sustainable HRA Business Plan through financing the borrowing needed to invest in maintaining existing and developing new homes.
- 2.2 An important element of the HRA Business Plan is the projected future rental income over a thirty-year cycle. Rents need to be increased annually to make sure that the Business Plan remains sustainable due to inflation affecting all aspects of the wider economy. If the Business Plan does not generate enough income to meet its commitments, which include maintaining all homes to the Welsh Housing Quality Standard (WHQS) and improving thermal efficiency of Powys council housing as well as providing new homes to meet growing housing needs not fulfilled by open market housing, it will not be viable. The Welsh Government will not approve a non-viable HRA Business Plan and as a consequence, the Council would not receive the annual Major Repairs Allowance (MRA), worth £3,720,000 million in capital funding for 2025-2026 year, to support ongoing investment.

- 2.3 This report sets out the changes in rents and other charges that accrue to the HRA that will need to be introduced for 2025-2026, to make sure the HRA Business Plan remains both sustainable and viable. If the cost of providing the Council's housing landlord service is not recovered, savings will need to be identified to reduce costs to make sure that the HRA can continue to afford the borrowing needed to deliver the capital programme and does not fall into a deficit budget position.
- 2.4 The recommendations take into account compliance with the Welsh Government's Policy for Social Housing Rents (Rent Policy).
- An annual rent uplift of up to Consumers Prices Index (CPI)+1%, each year for five years from 2020-21 to 2025-26 using the level of CPI from the previous September each year.
 - The level of an individual rent can be reduced, frozen or can rise by up to an additional £2 per week over and above CPI, on condition that the total rental income collectable by the Council across the whole of its stock increases by no more than CPI+1%.
 - Should CPI fall outside the range of 0% to 3%, the responsibility to determine the appropriate increase to be applied for the relevant year will rest with the Minister with responsibility for housing.
 - When setting rents, the Council is expected to take into account affordability for tenants of the whole cost of living in a property, including for example, rent, service charges and energy costs.
- 2.5 For September 2024 CPI was 1.7%. This means that for 2025-2026, the Minister has exercised their right to determine the maximum rent increase for social landlords in Wales. The Minister has advised that the maximum annual rent uplift for 2025-2026 will be up to 2.7%. The 2.7% is a maximum not a requirement or a target.
- 2.6 This means that the increase applies to the aggregate rent collected by a social landlord. The total rent charged by a landlord cannot exceed 2.7% but within that overall figure, there is scope for individual rents to be frozen, increased or decreased by a different percentage, subject to each landlord's own rent setting policy.
- 2.7 Powys County Council has restructured its approach to repairs and maintenance, reducing since July 2022 by half void repair times. Tenant satisfaction has increased as confirmed through the recent STAR survey from 71% to 75%.
- 2.8 Housing Services is undertaking an acquisitions programme to increase the availability of affordable, secure rented homes. The acquisitions programme is on track to increase by 10 properties the number of homes the Council will be able to offer to people registered with 'Homes in Powys'. To date, 118 new homes have been completed since the end of the government-imposed moratorium on municipal house building, with 32 homes now under construction in Newtown.


3. Advice


3.1. The Council, like all social landlords working in Wales, is expected to be able to justify its rent increases with reference to a rigorous approach to securing cost efficiencies and by putting affordability for tenants at the core of its considerations.


3.2 Rents

3.2.1 The Council's HRA Business Plan has been stress tested to see what changes in rents and service charges need to be made to allow it to remain viable, maintain essential standards for existing homes and be able to increase the number of affordable homes available across Powys. A copy of the Self Certification Form, required by Welsh Government and attached to this report as Appendix A, sets out the housing market intelligence and housing affordability matters taken into consideration when determining the recommended rent increase for 2025-2026. Taking into account the consultation undertaken with the TSP the challenges facing the Council in managing the impacts of comparatively high inflation and challenges collecting rent, the conclusion is that a rent increase of 2.7% is necessary to make sure that the Housing Service is sustainable and able to provide homes and services for both current and future tenants. Such an increase allows rents to remain affordable and is in line with the inflation rate for September 2024. The increase also ensures that reserve levels are maintained in accordance with HRA business plan best practice.

3.2.2 It is therefore recommended that with effect from April 1st, 2025, the average rent in Powys will increase by 2.7% for all 5,548 Council owned homes and 31 Gypsy Pitches. Table One below shows the average rent in 2024-2025 and 2025-26. It should be noted that the figures in Table One show rents over a 52-week rent year. In Powys rents for municipal homes are, in the event of a 52-week year, charged over a 48-week rent year with two 'rent free weeks' at Christmas and two 'rent free weeks' at Easter. The four 'rent' free weeks for 2025-2026 will be those commencing:

 December 22nd, 2025

 December 29th, 2025

 March 23rd, 2026


 March 30th, 2026

Table One: Housing Rents for 2024-25 and 2025-26

	Rent 2024-2025	Recommended Rent 2025-2026	Weekly Increase
Average HRA rent for Powys County Council	£108.24	£111.16	£2.92

3.2.3 The total rental income to the HRA from housing rents, if the recommendation is approved, will increase from £31,086,362 in 2024-2025 to £32,069,215 in 2025-2026. This represents gross income before any allowance is made for void rent loss and arrears of rent. If the recommendation is not approved, then taking into account inflation and other unavoidable cost increases faced by the

landlord service, it will be necessary to reduce the level of services provided, including investment in the Council’s housing assets.

3.2.4 The Council takes a proportionate and pragmatic approach to the collection of rent. While the ‘Rent First’ ethos remains the guiding principle, tenants who are facing unavoidable financial challenges linked to increases in the cost of living have been and continue to be offered additional support to secure additional income, including for example submitting claims for housing benefit and universal credit, and accessing advice via the Councils money advice team. Officers are keeping in touch with people to make sure that help is offered as soon as possible to prevent arrears climbing to high levels. The approach is proving to be successful in maintaining income to the HRA. As of rent week 36 (week ending 8th December 2024), income recovery in accordance with Welsh Government income collection parameters, is running at 94.24% of income due; for the same period last year this was 93.62%. This rigorous but pragmatic approach will continue in 2025-2026 when it is expected to yield a similar success rate.

3.2.5 Average weekly rent in Powys stock is £108.24 which compares to a national average of £114.05, a Wales Local Authority average of £112.07 and a Wales Registered Social Landlord average of £115.24 (2024-25 Average weekly rents in self-contained stock at social rent all accommodation gov.wales). The Council is able within these rents to maintain homes to a habitable standard. It is not yet possible to provide comparative data for 2025-2026 as landlords are currently agreeing rents for the next rent year.

3.3 Service Charges

3.3.1 Service charges will need to be amended from April 1st 2025, to allow the Council to recover the cost of providing these services. The service charges levied in 2024-25 are shown alongside the proposed charges for 2025-26 in Table Two. Service charges are set at a level to recover the estimated cost incurred in delivering the service and will make sure that income from tenants’ rents will not be subsidising the additional services provided to some tenants. It should be noted that service charges vary from year to year, dependent on the costs of providing those services.

Table Two: Service Charges for 2024-2025 & 2025-26

Service Charge	Highest Weekly Service Charge		Lowest Weekly Service Charge (where a charge is made)		How the Service Charge is Calculated
	2024-2024	2025-2026	2024-2024	2025-2026	
Grounds maintenance	£2.47	£2.47	£0.06	£0.06	Calculated on a site-by-site basis, based on the size of the site and the cost of undertaking the work.
Communal cleaning	£1.40	£1.47	£1.40	£1.47	Based on the total cost of the work, divided by all those who receive the service.

Communal heating and lighting	£1.00	£2.05	£1.00	£2.05	Based on the total cost of the service, divided by all those who receive the service.
Fire safety work	£1.78	£2.00	£0.12	£0.06	Based on actual costs per block and divided by all residents of the block.
Maintenance to entrance doors	No costs for 24/25	No costs for 25/26	No costs for 24/25	No costs for 25/26	Based on actual costs per block and divided by all residents of the block.
Communal washing lines	£0.44	No costs for 25/26	£0.44	No costs for 25/26	Based on actual costs per block and divided by all residents of the block.
Lift maintenance	£1.81	£1.97	£0.60	£0.78	Costs split equally between all tenants (for servicing)
Repairs to communal areas in flats	No costs for 24/25	No costs for 25/26	No costs for 24/25	No costs for 25/26	Costs per block divided between all residents of the block

3.3.2 For the majority of service charges, the calculation of the charge is based on the costs incurred in the previous full year. The service charge for lift maintenance for the only block of flats which benefits from a through floor vertical lift (Maes yr Ysgol in Llanidloes), is based on the cost of the service agreement with the contractor, plus the cost of any repairs undertaken in the previous financial year.

3.3.3 Grounds maintenance service charges are based on the charges incurred two years prior to the current year. This means that the charges for 2024-2025 were based on 2022-2023 costs, while costs for 2025-2026 will be based on costs incurred for 2023-2024.

3.4 Careline

3.4.1 The Careline (Community Alarm) service is a discretionary service (not a condition of tenancy) that can be accessed by both sheltered housing and general needs tenants. At present a different cost model is applied to different tenant groups. For sheltered housing tenants they pay £3.91 per week (VAT not levied) over a 48-week charging cycle, while general needs tenants who are classed as a Careline private customer pay £203.32 a year (exclusive of VAT) - £3.91 per week over a 52-week charging cycle. Careline customers living in privately owned properties also pay £203.32 per annum.

3.4.2 To improve and align service provision for all Council tenants who would like to receive the Careline service, a programme of works has been undertaken to replace static pull-cords in all sheltered housing properties with pendants, worn by the customer meaning they are always within easy reach of the alarm call button. Where a hardwired base unit needs replacing, a dispersed alarm is now provided. This means that all tenants will in the future receive the same equipment and same service, regardless of the type of property in which they live.

3.4.3 It is now appropriate for the charges for the service to similarly be equitable. Aligning the service to the needs of the tenant rather than the type of property they rent will address the current anomaly where sheltered housing tenants pay a different weekly charge from general needs tenants and residents for the same Careline service. It is therefore recommended that from April 1st, 2025, a standard weekly charge of £3.91 per week (exclusive of VAT) is levied for all tenants of the Council receiving the Careline service which will be collected over a 52-week charging cycle.

3.4.4 The recommended weekly charge for sheltered housing tenants will remain at £3.91/week but the total annual charge will increase from £187.68 to £203.32 as will be collected over a 52-week charging cycle rather the current 48-week charging cycle. This will result in all council tenants irrespective of the designation of their homes paying the same annual charge. This charge will apply to all tenants who receive the service, including those whose charge is currently funded by the HRA because the tenant is in receipt of Housing Benefit. To minimise any adverse individual financial impact, tenants will be made fully aware of how to access income maximisation advice via the Housing Services Financial Support Team. This includes personal advice from the Financial Support Officers and access to the Council’s Money Advice service.

Table Three: Careline Community Alarm Charges for 2024-2025 and 2025-2026

	Current Weekly Charge – 2024-2025	Recommended Weekly Charge - 2025-2026	Weekly Increase
Careline Community Alarm Charge – Tenants in Sheltered Housing (52 weeks)	£3.91	£3.91	Nil*
Careline Community Alarm Charge – Tenants in General Needs Housing (52 weeks)	£3.91	£3.91	Nil

*Sheltered housing tenants will pay the weekly charge over a 52-week charging cycle to bring in line what General Needs tenants currently pay for the same service.

3.4.5 To take account of technological developments, the needs and aspirations of residents, the development in the market of a range of service providers, current service demand and the experiences in delivering services remotely, a review of the options available for all tenants and residents to have access to Careline-style services is currently underway.

3.5 Garages

3.5.1 The Council continues to provide garages for rent. Garages are rented to people regardless of the tenure of their home. Few of the garages owned by the Council are large enough to easily accommodate modern cars, which are wider than the norm when the garages were built thirty or more years ago. Many are therefore used for general storage. In addition, many of the garages are of prefabricated construction and are, due to age and type of construction,

becoming uneconomical to maintain. A review of all the garage sites and plots owned by the Council considered the demand for and suitability of garages for car parking, the condition of the buildings and the options for other uses for the sites, for example the development of new homes or car parking. This is now informing options for future investment in or use of each site.

- 3.5.2 Table Four below shows the current rents for HRA garages in 2024-25 in Powys and the proposed rent for 2025-26. It also shows the current and proposed rents for garage plots owned by the HRA. It is recommended that HRA garage rents in Powys are increased by 2.7% which equates to £15.05 per week, and garage plots by the same percentage, which equates to £191.32 per annum, with effect from April 1st, 2025.

Table Four: Garage and Garage Plot Rents for 2024-25 and 2025-26

	Existing Rent - 2024-25	Recommended Rent - 2025-26
Garage Rents	£ 14.65 per week	£15.05
Rent for Garage Plots (not subject to rate at time of letting)	£186.29 per annum	£191.32

- 3.5.3 The total rental income to the HRA from the provision of garages, if the recommendation is approved, income will change from £625,140 in 2024-25 to £592,370 in 2025-26. The garage estate is reducing over time as garages are withdrawn from use due to condition and reducing demand. Wherever practical the intention is to repurpose obsolete garage sites for use as car parking or new homes. The income for Garage Plot Ground rent in 2024-25 was £26,070. In 2025-2026 this will be £27,140.

3.6 Gypsy and Traveller Sites

- 3.6.1 The Council currently operates three Gypsy and Traveller Sites in Powys – Leighton Arches in Welshpool, Trem yr Afon in Machynlleth and Kings Meadow in Brecon. All sites are managed by Housing Services although the costs of providing this service falls on the General Fund. Service charges for the sites cover grass cutting for the Kings Meadow Site and sewerage for all sites.
- 3.6.2 It is recommended that weekly occupation charges for Gypsy and Traveller sites in 2025-2026, with effect from April 1st, 2025, will be increased by 2.7%, in line with the increase in HRA rents. Table Five below shows the existing charge for occupation of a plot on the Gypsy and Traveller sites, and associated service charges, in the current year and the recommended charge for 2025-26. Income received from residents living on the Gypsy and Traveller sites is set aside for investment in those sites and associated services.

Table Five: Gypsy & Traveller Site Weekly Occupation Charge and Service Charges for 2024-25 and 2025-26

	2024-2025	2025-26

Weekly Occupation Charge for plots on Gypsy & Traveller sites	£122.09	£125.39
Grass Cutting Service Charge (Kings Meadow site only)	£0.95	£0.95
Grass Cutting Service Charge (Trem Yr Afon site only)	£2.02	£2.02
Sewerage Service Charge Trem Yr Afon	£6.85	£4.38
Sewerage Service Charge Kings Meadow	£9.92	£6.68
Sewerage Service Charge Leighton Arches	£4.20	£2.23
Other Service charge Kings Meadow	£0.73	£0.70
Other Service charge Leighton Arches	£0.71	£0.69
Other Service Charge Trem Yr Afon	£2.51	£1.13

3.6.4 The total income to the General Fund from the Council's gypsy and traveller sites, if the recommendation is approved, will increase from £196,800 in 2024-25 to £202,129 in 2025-26 plus £9,593 in service charges.

3.7 Temporary Accommodation for Homeless Households

3.7.1 It is recommended that with effect from April 1st, 2025, the weekly charge for the occupation of temporary accommodation, provided to households to whom the authority owes a statutory duty is increased by 2.7% in 2025-2026. It should be noted that the scope for setting charges for temporary accommodation is influenced by the need to recognise the low incomes of some of those who are homeless, the restrictions the social security system places on the amount of help homeless people can claim for accommodation, and the capacity of the General Fund to meet the costs for those who are unable to make full payments from their own resources. The increase recommended represents a pragmatic compromise between these external factors. Tables Six and Seven shows the current and proposed weekly charge for the occupation of temporary homeless accommodation managed by the Council.

Table Six. Temporary Homelessness Accommodation Weekly Occupation Charges for 2024-2025 and 2025-2026 (excluding Council Tax)

Weekly occupation charge for temporary homeless accommodation	Occupation Charge excluding Council Tax		Service charge		Weekly Total Occupancy charge	
	2024-2025	2025-2026	2024-2025	2025-2026	2024-2025	2025-2026
Single person	£99.47	£102.16	£19.06	£19.57	£118.52	£121.73
Couple	£123.12	£126.44	£23.65	£24.29	£146.77	£150.73
Family	£148.57	£152.58	£34.01	£34.93	£182.58	£187.51

The 'excluding Council Tax' figures are the sum charged to people placed in self-contained accommodation.

3.8 Other Rental Charges

- 3.8.1 The HRA collects rent from other services and properties, albeit on a small scale. These include such things as scooter stores and sheds. It is recommended that all other rental charges, not detailed above, will increase by 2.7% from April 1st 2025.

4. Resource Implications

4.1 Financial

- 4.1.1 The recommended increases to housing rents and other related charges will allow Powys County Council to continue to maintain a viable and sustainable Thirty Year HRA Business Plan in the face of continuing cost challenges, including above headline inflation rate increases in the cost of materials, additional employer costs and an increasing range of compliance and regulatory expectations for which additional funding is not provided by the Welsh and UK governments. Powys County Council however will, through a continued focus on value for money – for example reforming where possible procurement routes for materials and new homes – be able to continue to provide high quality services, develop more new social rented homes and support continued investment in its homes to maintain WHQS and improve thermal efficiency.

- 4.1.3 The Head of Finance notes the content of the report and that the recommendations are compliant with the Welsh Government's Policy for Social Housing Rents (Rent Policy). The Minister has advised that the maximum annual rent uplift for 2025-2026 will be up to 2.7%. The 2.7% is a maximum not a requirement or a target. The level proposed meets the maximum set. A rent increase of 2.7% is necessary to make sure that the Housing Service is sustainable and able to provide homes and services for both current and future tenants. Such an increase allows rents to remain affordable and is in line with the CPI inflation rate for September 2024. The increase also ensures that reserve levels are maintained in accordance with HRA business plan best practice whilst ensuring that the HRA Business Plan remains both sustainable and viable and on this basis the recommendations can be supported.

5. Legal implications

- 5.1 Legal Services notes that the recommendations can be supported from a legal point of view. The Principal Solicitor - Housing comments as follows: "The recommendations within this report will ensure that the HRA Business Plan remains both sustainable and viable as required by the Welsh Government. The proposed increases are within the permitted parameters and the Council, in setting their rents and ancillary charges, has fully considered it's Socio-Economic Duties".
- 5.2 The Head of Legal Services and the Monitoring Officer has commented as follows: "I note the legal comment and support the recommendations."

6. Climate Change & Nature Implications

6.1 There are no climate and change and nature implications arising directly from the recommendations set out in this report.

7. Data Protection

7.1 The recommendations in this report do not involve the processing of personal data.

8. Comment from local member(s) and other relevant bodies

8.1 This matter has equal effect across the Council.

8.2 The Council's Tenant Scrutiny Panel (TSP) has been consulted on changes to rents for 2025-2026, concluding in a special meeting of the TSP on 22/11/2024. The consultation paper shared with the TSP for the 22/11/2024 meeting is attached to this report as Appendix B.

8.3 The TSP considered four options – +1.7%, +2.2%, +2.7% and +3.7%, and the impact of different rent increase percentages on the overall HRA Rental Income Budget. Each of the increases discussed resulted in an overall deficit in the HRA Rental Income Budget. The maximum allowable increase of 2.7% would still result in a deficit of over £300,000. The TSP accepted the maximum 2.7% rent increase.

8.4 The TSP minutes from the meeting that considered the rent changes for 2025-2026 noted that a vote was taken, and that TSP accepted and supported a 2.7% rent increase.

9. Integrated Impact Assessment

9.1 An Impact Assessment has been completed for this report.

10. Recommendation

10.1 The recommendations set out in this report are:

10.1.1 That with effect from April 1st 2025 the average rent in Powys will increase by 2.7% (the average rent being £111.09 per week) for all 5,548 Council owned homes, excluding service charges.

10.1.2 That service charges charged to HRA tenants are amended with effect from April 1st 2025 (included in Table Two above) to allow the Council to recover the cost incurred in providing these services.

10.1.3 That the weekly cost from April 1st: 2025 for all tenants receiving the Careline community alarm service in 2025-2026 is £3.91 per week.

10.1.4 That HRA garage rents in Powys with effect from April 1st 2025 for 2025-2026 are increased by 2.7% to £15.05 per week.

10.1.6 That garage plot charges effective from April 1st 2025 for 2025-2026 are £191.32 per annum.

10.1.7 That the weekly occupation charge from April 1st 2025 charges for Gypsy and Traveller pitches in 2025-2026 will be increased by 2.7%, the average rent being £125.39.

10.1.8 That the charge for temporary accommodation increases, with effect from April 1st 2025, for the year 2025-2026, by 2.7%

10.1.8 That all other rental, not detailed above, effective from April 1st 2024 will increase by 2.7%. Service charges continue to be recovered on an actual basis.

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Head of Service:	Andy Thompson
Chief Officer:	Matt Perry
Corporate Director:	Diane Reynolds

Appendix A: Self Certification Form for 2025-2026

Welsh Government	Powys County Council
Annual Self-Certification Monitoring Return	
Name of Social Landlord	Powys County Council
Date return completed	
PART ONE (MANDATORY): Please answer all the following questions relating to your rental income.	
Questions for year APRIL 2024/25	
Q1. Please confirm the overall percentage increase you applied to your rents at April 2024 and stock numbers on the 31st March 2024.	Rent Increase for 2024-2025: 6.7% (average £108.24 per week) Stock numbers 31.03.24: 5539 homes.
Q2. Please confirm that the level of rent for an individual tenant did not rise more than CPI+1% plus an additional £2	The rent for individual tenants was capped at 6.7% plus £2 per week, so no individual tenant's rent was increased by more than this amount.
Questions for year APRIL 2025/26	
Q3. Please indicate the estimated gross annual rental income for 2025-26 for general needs and sheltered self-contained dwellings based on revised rents at April 2025 and stock numbers on the March 31 st 2025. (Definition of 'estimated	Gross Rental Income for 2025-2026: £32,069,215 Stock numbers 31.03.25: Powys County Council has 5548 homes as of January 5th 2025.

<p>gross annual rental income' is the rental income you expect to receive for your whole portfolio of properties, including any new builds you are anticipating in year, and regardless of whether properties are occupied or void)</p>	
<p>Q4. Please confirm the overall percentage increase YOU INTEND to apply to your rents at April 2025</p>	<p>2.7%</p>
<p>Q5. Please confirm you have a local rent and service charge policy in place.</p>	<p>Confirmed.</p>
<p>Q6: Please outline the factors you considered when assessing affordability when you set your rents and service charges for the 2025/26 rent year. Include details of how affordability for your tenants was taken into account and influenced the approach taken.</p>	<p><i>Housing Affordability</i></p> <p><u>Proof of affordability</u></p> <p>Out of the 5000+ Powys County Council Secure Contract Holders only around 1% have a valid Notice Seeking Possession at any one time. There were only 7 Possession Hearings held throughout the previous financial year and there were no Powys County Council Secure Contract Holders evicted into Homelessness.</p> <p>Housing Services have looked at the 416 new Secure Contracts that have commenced since April 2022; 208 via the Common Housing Register and 208 via the Homelessness Route. We have found that very few of these Secure Contract Holders are in significant arrears and, although there is a difference in those with Arrears who are affected by the bedroom tax, there is not much difference in the figures from either stream.</p> <p>All applicants who are matched to and reach offer stage for a Powys County Council property undergo a Pre-tenancy Financial Assessment (PTA) with their Financial Support Officer (FSO) before signing up to the contract for their new home. Anecdotally the FSOs continue to report that in a large amount of the PTAs carried out, the low cost and affordability of Powys County Council rents in comparison to housing associations and the private</p>

rented sector continues to be commented on favourably by prospective tenants. There is also a sense that the gap between what the Council charge and what housing association and private landlords charge is widening.

Our Partners at Citizens Advice Cymru have confirmed that the gap between the Social Housing Rents and the Private Rents for clients they support across Wales is continuing to widen. Our Partners at Powys CAB have reported that in Powys Rent Arrears is ranked 9th in the list of debts that they have assisted clients with this year, well below Council Tax Arrears, Energy Arrears, Mortgage Arrears and Water Arrears.

Support in place for impact on affordability

Powys County Council currently has 5,289 live Secure Contracts

Powys County Council currently has 1,903 Tenants claiming Universal Credit (UC) = 35.98%

Powys County Council currently has 1,691 Tenants claiming Housing Benefit (HB) = 31.97%

As the Council is a social landlord any rent increase will be fully covered by the eligible rent figure included in the housing benefit or UC Housing Element received by 67.95% of Powys County Council tenants.

The 32.05% of tenants who will not receive financial support towards the rent increase from the social security system will mainly be those whose household incomes are high enough for them to not be entitled to income-related benefits. There may still be a small minority who are entitled to claim but are not doing so but this number is reducing as we have been, and are, making constant ongoing attempts to reach these tenants and help them to claim the HB or UC where they are entitled to, with the help of their FSO.

The Council has continued to promote the role of the Financial Support Officers this financial year via multiple communications methods to maximize the number of tenants they have been able to assist through things like the push to maximize Pension Credit take up and Universal Credit Managed Migration. The Council has also strengthened working relationships with partner organisations this year both locally and nationally in order to reach as many tenants as possible to maximize their income, help with budgeting, debt, or benefits and successfully maintain their municipal tenancies. We have again had zero evictions into Homelessness so far this year.

Additional data considered:

- Ratio of median house price (existing dwellings) to median gross annual (where available) residence-based earnings in Powys: 7.02 (Wales 5.94).
 - *For more information, please click on the link below: [Housing affordability in England and Wales - Office for National Statistics](#)*
- Average household income in Powys £33,458, Wales average is £34,700 and UK average £40,257. In Powys 55% of households earn less than the average Powys household income.
 - *For more information, please click on the link below:*
 - [Wellbeing Information Bank: View information about Household Income - Powys County Council](#)
- In considering the affordability of municipal housing, the Council has taken into consideration the Wellbeing Overview for Powys.
 - *For more information, please click on the link below: [Well Being Information Bank: Well Being Overview - Powys County Council](#)*

This includes the changing demographics in Powys. Highlights include:

- 👉 Average weekly rent in Powys stock is £108.24 (2024-25) which compares to a national average of £114.05 a Wales local authority average of £112.07 and a Wales RSL average of £115.24. [Average weekly rents in self-contained stock at social rent by accommodation type, number of bedrooms and provider type \(gov.wales\)](#)
- 👉 Total social rented stock in Powys 2023/24 (updated September 2024) 8912 [Self contained stock at social rent by year, provider type and accommodation type \(gov.wales\)](#)
- 👉 Around 2,000 people aged 16 and over in Powys were unemployed in the year ending December 2023. This is a rate of 3.3%. [Powys' employment, unemployment and economic inactivity - ONS](#)
- 👉 Overall, there were around 59,100 people aged 16 and over in Powys who were employed in the year ending December 2023. This is down from the previous year, when there were around 59,300 people aged 16 and over who were employed. [Powys' employment, unemployment and economic inactivity - ONS](#)
- 👉 The average house price in Powys was £244,000 in September 2024 (provisional), similar to the revised figure for September 2023. Across Wales, there was also little change in the average house price over the same period. Private rents rose to an average of £556 in October 2024, an annual increase of 3.8% from £536 in October 2023. [Housing prices in Powys](#)
- 👉 4,509 Powys children aged under 16 were living in relative poverty in the year to March 2023. [Stat-Xplore - Log in \(dwp.gov.uk\)](#).

Comparisons of Weekly Municipal Rent with Private Sector Rent, Living Rent and Social Landlords in Powys

	Median private rents (2022)	Rightmove advertised rents (2023-2024)	Living rent (2024-2025)	Housing association average general needs (2024-2025)	Average municipal rents general needs (2024-2025)	Proposed average municipal rents -general needs (2024-2025)
One bedroom	£83	£111	£136	£90	£88	£94
Two bedrooms	£104	£146	£177	£114	£104	£107
Three bedrooms	£137	£189	£217	£132	£118	£121
Four bedrooms	£162	£275	£ N/A	£151	£128	£132

- Source median private rents:
 - Welsh Government rent officers have been asked for 2023/24 figures
- Source Rightmove rents:
 - Advertised rents online
- Source Housing Association average and municipal average:
 - [Average weekly rents in self-contained stock at social rent by accommodation type, number of bedrooms and provider type \(gov.wales\)](#)
- Source living rents:
 - [Living Rent Methodology.pdf \(savills.com\)](#)
 - [Earnings and hours worked, place of residence by local authority: ASHE Table 8 - Office for National Statistics](#)

	LHA April 2024 – March 2025 (Brecon and Radnor)	LHA April 2024 – March 2025 (Neath Port Talbot)	LHA April 2024 – March 2025 (North Powys)	Average municipal rents (2024-2025)	Proposed Average municipal rents (2025-2026)
Single room allowance	£76.50	£86.30	£67.50	N/A	N/A
One bedroom	£78.25	£94.74	£74.79	£85.73	£94.41

Two bedrooms	£101.26	£103.56	£92.05	£101.94	£106.92
Three bedrooms	£126.58	£115.07	£126.58	£117.91	£121.07
Four bedrooms	£149.59	£132.33	£155.34	£129.56	£131.88

Local Housing Allowance (LHA) rates from April 2024 to March 2025 | GOV.WALES

Rent Arrears

The low level of rent arrears demonstrates that Powys rental charges are reasonable – for example, very few tenants are referred for eviction. Rent collected 2024-2025 Week 36 equates to 94.24% of all income due.

Powys continues to have a low amount of rent arrears both overall and expressed as percentage of rent due. This is coupled with relatively low recovery action which exemplifies the ongoing focus on tenancy sustainability.

Service Charges

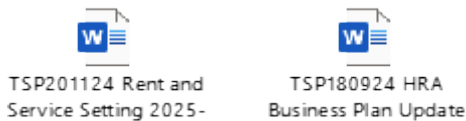
Service charges are recovered based on actual costs incurred in the last full year preceding 2025-2026.

Q7: Please outline the tenant involvement (engagement, consultation and feedback) undertaken and how feedback received has influenced your rent setting policy for the 2024/25 rent year.

Tenant Scrutiny Consultation

The service undertook a consultation with the Councils Tenant Scrutiny Panel (TSP) in September 2024 and November 2024 regarding the potential rent increase and the HRA Business Plan. Below are copies of the details provided to the TSP meeting:

The following information and summary details were discussed with TSP at the November meeting.



Welsh Government guidance stated a maximum rental increase of 2.7%.

TSP accepted that the Council needed to increase rents to the maximum allowed by Welsh Government and this was confirmed.

	<p>STAR Survey Outcomes for 2023</p> <ul style="list-style-type: none"> • The perceived rent value for money has improved since 2021 from 78% to 84%. • Rent value for money is the strongest key driver of overall satisfaction. • New tenants are still amongst the most satisfied with their rent (89%) • The rent value for money rating has improved significantly since 2021 despite the cost-of-living crisis. • This is one of relatively few measures that is higher than the benchmark score across all landlords in Wales (82% median). • 76% satisfied service charge is value for money. • Both of these scores, rents and service charges, compare favourably against the benchmarks for Welsh landlords. <p>New Tenant Surveys</p> <p>92% of tenants, starting a new tenancy between 1 October 2023 and 1 October 2024, that responded to the new tenants' survey were satisfied with the condition of the home when they moved in and 95% was satisfied with the neighbourhood.</p> <p>Tell Us Surveys</p> <p>From the Tell US Surveys carried out in 2024 positive comments were made about the role of the Financial Support Officers as per examples shown below</p> <ul style="list-style-type: none"> • FSO in touch with me and DHP awarded • It was about my rent I asked a question, it was explained • Housing Benefit check carried out, went online and completed form with me • Spoke to someone regarding my rent and benefit changes. They were very helpful
<p>Q8: Please state the date your Board/Council/Committee made or ratified the final decision on your rent setting for 2024/25</p>	<p>14.01.2025</p>

<p>Q9: Please explain how your annual assessment on operating costs and cost efficiencies has impacted on your rent setting decision for April 2025/26</p>	<p>End to end void times have reduced by 40 working days during 2024. The in-house operatives are completing 80% of all voids this was 80% being completed by external contractors in 2023. The repairs co-ordinators have reduced abandoned calls from 31% to 5% during 2024.</p>
<p>Q10: Please provide any other comments or raise an issue in relation to your rent setting exercise for April 2025/26</p>	<p>There are as of 8th December, 2024, 3420 households were registered with ‘Homes in Powys’ for secure, affordable housing, a reduction of 996 households (24%) from the December 2024 figure of 4038. Maintaining and increasing the rate of development for new Council-owned homes is a major priority for the Council to meet this demand, both by new build and acquisitions.</p> <p>Communities will benefit socially and economically by increasing the number of people who can enjoy secure, affordable accommodation – including current tenants who need to move and their families and friends who are no yet council tenants.</p> <p>The rent increase for Powys 2025-2026 will help support the expansion of our development programme to increase the availability of good homes for people living in our county.</p>
<p>PART TWO – Voluntary</p>	
<p>a) End all evictions into homelessness</p>	
<p>Q11: Please confirm that you are strengthening your approaches designed to ensure you minimise all evictions and deliver on a new agreement not to evict into homelessness</p>	<p>Ongoing focus is continuing to minimise the threat of eviction through regular contact with tenants, maximising rent payment options and regular referrals by our Housing Officers, who are tasked with arrears case management, to our ‘in-house’ Finance Support Team to provide tailored financial support which has contributed significantly to ongoing tenancy sustainability.</p> <p>0 tenants have been evicted in financial year 2024-2025 for Serious Rent Arrears.</p>
<p>Q12: If you would like to provide further details please do so here:</p>	<p>To minimise potential evictions into homelessness, in the exceptional cases where possession proceedings are needed for ongoing breaches of tenancy conditions, our Housing Officers work alongside our Housing Options Officers. This is to ensure a timely consideration of the individual household’s housing and support needs, in line with current homelessness legislation, including the provision of temporary accommodation where needed while ongoing work is done to secure settled, alternative accommodation.</p>
<p>b) Undertake a standardised tenant satisfaction survey</p>	

Q13: Confirm that you will complete a tenant satisfaction survey, including the core questions, for submission by 28th February 2024	Our next STAR survey is scheduled for 2025-2026. Our most recent survey reported in Q3 2023-2024.
c) Standards	
Q14: Please confirm that all new build development financed by Welsh Government Housing Capital Funding, will comply with the new housing quality standard "WDQR 2021" across all tenures on sites.	Confirmed.
d) EPC A	
Q15: Please confirm that all new build financed by Welsh Government Housing Capital Funding will achieve energy efficient standard of EPC A and above.	Confirmed.
Authorised Signatory	
Name	Jane Thomas
Position (Deputy Section 151 Officer)	Director of Corporate Services (Section 151 Officer)
Date	

Appendix B – Rent Setting Consultation Papers shared with TSP 22/11/2024

CYNGOR SIR POWYS COUNTY COUNCIL

TENANTS' SCRUTINY PANEL

20th November 2024

REPORT BY: Service Manager - Housing Resources

SUBJECT: Housing Revenue Account Rent Setting for 2025 -2026

REPORT FOR: Information

1. Purpose of this report

The purpose of this report is to provide members of the Tenant Scrutiny Panel (TSP) with the recommended changes for Council Housing Rents for the financial year 2025-26.

The Housing Revenue Account (HRA) rent is set in accordance with the HRA Thirty Year Business Plan, which will be submitted to Welsh Government before the end of March 2025. The rent set will ensure that the HRA business plan is sustainable and viable. TSP were provided with an update on the HRA Business Plan on the 18th of September 2024 meeting.

The setting of rents is required to take account of the provisions of the Welsh Government Rent and Service Charge Standard 2020-2025.

Rent Setting 2025-2026

On the 16th of October 2024, Jayne Bryant, Cabinet Secretary Housing & Local Government, advised all Social Landlords in Wales: “Today, the Office for National Statistics (ONS) has published the Consumer Price Index (CPI) measure for inflation for September, at 1.7%. The Welsh Government’s Rent and Service Charge Standard uses this measure to cap the annual social rent uplift for the following rent year at CPI+1%, so long as CPI in September remains below 3%. The rent cap of CPI+1% places affordability at the heart of social rent policy. It sets the maximum rent increase allowable in any one year but does not serve as an automatic uplift.” This means that the maximum rent increase is 2.7% for 2025 – 26.

On the 18th of September TSP meeting the Housing Revenue Account update paper advised TSP that “an overall forecast outturn overspend of £50,586.16 at the end of the quarter”. TSP were also advised as to the measures implemented to address the projected overspend.

An important element of the HRA Business Plan is the projected future rental income over a thirty-year cycle. Rents need to be increased annually to make sure that the Business Plan, which like any business faces cost increases that are often beyond its control, remains sustainable. If the Business Plan does not generate enough income to meet its commitments, which include maintaining all homes to the Welsh Housing Quality Standard (WHQS) and providing new homes to meet growing housing needs, it will not be viable. The Welsh Government will not approve a non-viable HRA Business Plan, one consequence of which will be that the Council will not receive the Major Repairs Allowance (MRA) each year, to support ongoing investment in maintaining the WHQS.

The following table shows the HRA budgets for this year with an assumed inflationary increase and the estimated cost of the inflationary increase:

Type of Cost / Income	2024-25 Budget	Inflation Rate	Estimated Cost of Inflation
Grounds Maintenance	925,860.00	4.50%	41,664
Interest and Borrowing Costs	5,291,720.00	4%	185,210
Legal Costs	238,130.00	2%	4,763

Non-Pay Related Costs	183,470.00	2%	3,669
Pay and On Costs	9,775,560.00	4.50%	439,900
Premises Costs	420,870.00	2%	8,417
Provision for Bad Debt	699,440.00	0%	0
Repairs and Maintenance	6,912,150.00	4.50%	311,047
Revenue Funding of Capital Expenditure	3,900,000.00		0
Services Provided by PCC Internal Departments	1,686,600.00	4.50%	75,897
Supplies and Services	403,150.00	2%	8,063
Transport Costs	883,760.00	4.50%	39,769
Total	31,320,710.00		1,118,399

The "Pay and On Costs" includes an estimated pay increase and includes the changes to National Insurance contributions by employers as announced in the recent budget. The total estimated increase is £1,118,399.

The following table provides details of the increase in HRA rental income according to the different percentage increases.

		Increase in rent for 2025-26 based on % shown below			
Current Budgeted Rental Income	£29,998,340	1.70%	2.20%	2.70%	3.70%
Extra Rent Resulting from the % increase		510,000	659,963	809,955	1,109,939
Shortfall (-) in income required to fund estimated inflation		-608,399	-458,436	-308,444	-8,461

As stated above the maximum allowed increase is 2.7% which will leave a deficit of £308,444 in terms of the estimated inflationary increases. This means that even with the highest increase in rent allowed by Welsh Government, the service will have to identify efficiencies to the value of over £300k. The service will address the deficit when setting its budgets for the HRA Business Plan.

The conclusion is that the allowable rent increase of 2.7%, is necessary to make sure that the Housing Services is sustainable and able to provide homes and services for both current and future tenants. Such an increase allows rents to remain affordable.

Accordingly, it is proposed to recommend to the Council's Cabinet on 14th January 2025 that with effect from April 2025 the average rent in Powys will increase by 2.7% for all Council owned homes, garages and garage plots.

Service charges will need to be amended from April 2025 to allow the Council to recover the cost of providing associated services. The majority of service charges are calculated based on the costs incurred in the previous full year. These calculations are ongoing.

Recommendation:		Reason for Recommendation:	
<p>Members of the Tenant Scrutiny Panel note the proposed recommendation to Cabinet on 14th January 2025 to increase rents by 2.7%. Feedback and comments from members on the 2.7% rent increase will be shared with the Cabinet on 14th January 2025.</p>		<p>That the Council has set the rent and service charges in accordance with Welsh Government standard and that affordability has been taken into consideration. Members are given the opportunity to comment on the 2.7% rent increase.</p>	
Within Policy:	Yes	Within Budget:	Yes

Contact Name:	Officer	Tel:	Fax:	Email:
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(ENCLOSURE 3)

CYNGOR SIR POWYS COUNTY COUNCIL

TENANTS' SCRUTINY PANEL

18th September 2024

REPORT BY: Dafydd Evans, Service Manager Housing Resources

SUBJECT: Housing Revenue Account Business Plan update

REPORT FOR: Information

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to inform the Tenant Scrutiny Panel (TSP) of the Housing Revenue Account (HRA) end of the financial year 2023/24 outturn and the forecast outturn for the 2024/25 financial year as at the end of the first quarter (April to June 2024).
- 1.2 The report advises TSP of the measures that the service have made and will need to implement to ensure that the HRA outturn is in line with the HRA Business Plan submitted to Welsh Government in March this year and to make sure that the HRA reserves do not go below £1 million in accordance with good practice.
- 1.3 The report provides information that TSP will need to take into consideration when considering any changes to rents for 2025-2026 rent increase, that may be proposed following guidance from Welsh Government, expected towards the end of 2024.

2. BACKGROUND

- 2.1 Landlord councils in Wales are required to present an “acceptable” HRA Business Plan, including a thirty-year financial model, to the Welsh Government each year. The Plan must conform to a structure and Business Plan parameters set out by the Welsh Government. This is to allow the Welsh Government to ensure the Housing Revenue account is affordable over the long term and monitor progress of local authorities in maintaining the Welsh Housing Quality Standard (WHQS) to be eligible for the annual Major Repairs Allowance (MRA) Grant (for Powys £3,732,000 in 2024-2025).
- 2.2 TSP will be aware that the Council submitted its HRA Business Plan in March of this year, and that the Council has now received the MRA from Welsh Government.
- 2.3 The HRA Business Plan is reviewed formally on an annual basis and the budgets allocated are monitored by the service on a regular basis. There are factors that will affect the budgets set and budgets may require adjustment or activity relating to a budget may require intervention or amendment. The Council sets budgets and will monitor any variance, typically, variances are rated green if under 5%, amber between 5% and 10% and red if above 10% variance. When setting budgets the Council will take past performance into account regarding existing budgets, consider any political, economic or legislative changes and the impact these may have on the budget. Regarding new budgets the Council will estimate the budget based on any data available, for example the flooring budget for this financial year is estimated based on the average costs quoted and the number of empty properties we usually let.
- 2.4 There are several factors that can affect budgets. The total HRA budget available is primarily affected by the rent set by the Council. For example, the decision to not increase rents to the maximum allowed by Welsh Government in 2022/23 means that there is approximately £500k less every year in the HRA.
There are external factors such as the changes to Homeless legislation which has meant the Council is using a number of its empty properties as temporary accommodation. There are additional requirements which the Council are expected to adhere to, for example the changes to fire regulations and the introduction by Welsh Government of Welsh Housing Quality Standard 2023, for example from April of this year all new lettings are provided with flooring, the additional budget allocated for this being £500k.

3. END OF YEAR 2023 – 24 OUTTURN

- 3.1 Table 1 shows the end of year (2023/2024 financial year) actual expenditure (Sum of Actual) for the Housing Revenue Account (HRA) accounts compared to the budget set (Sum of Budget) in the HRA Business Plan 2023/24 and the variance (Sum of Variance) in monetary terms and the percentage variance (Over/Underspend as a % Variance of Budget) between the expenditure and budget set.

Table 1 – End of Financial Year 2023 – 2024

Description of Cost	Sum of Actual	Sum of Budget	Sum of Variance	Over/Underspend as a % Variance of Budget
Borrowing Costs including interest and MRP (Minimum Revenue Provision)	4,970,521.35	5,074,150.00	103,628.65	2%
Pay including National Insurance and Pension Costs	7,863,639.13	8,496,870.00	633,230.87	7%
Property Costs	485,098.64	523,580.00	38,481.36	7%
Staff Related Costs Not Pay including travel expenses, professional subscriptions, expenses, advertising and redundancy costs	97,381.61	90,450.00	-6,931.61	-8%
Supplies and Services including legal costs, ICT and equipment costs, clothing general office expenses, training, subscriptions etc.	1,003,379.81	916,980.00	-86,399.81	-9%
Transport	383,637.81	432,040.00	48,402.19	11%
Corporate Recharges	1,266,880.00	1,365,460.00	98,580.00	7%
Internal Cleaning	115,547.43	227,680.00	112,132.57	49%
Generated income excluding Rental Income	-1,561,574.07	-1,396,560.00	165,014.07	12%
Rent	-27,954,719.54	-27,924,470.00	30,249.54	0%
In Year Rent Adjustment	-276,942.30	0.00	276,942.30	0%
Grounds	800,895.79	975,860.00	174,964.21	18%

Third Party Payments including the cost of private contractors and materials	8,808,021.06	6,362,310.00	-2,445,711.06	-38%
Revenue Contribution to Capital	3,916,050.00	3,916,050.00	0.00	0%
Contribution to HRA Vehicle Replacement Reserve	286,820.00	286,820.00	0.00	0%
Bad Debt Provision	227,893.54	652,780.00	424,886.46	65%
Grand Total	432,530.26	0.00	-432,530.26	

- 3.2 The above table includes two one off underspends i.e. underspends that will not be repeated. The first “Pay including National Insurance and Pension Costs” amounting to £633,230.87 was as a result of the restructure and the number of vacancies during the financial year, the second “In Year Rent Adjustment” amounting to £276,942.30 was a one-off income from a backdated error relating to the rent charges between the Housing General Fund and the HRA in respect of using Council properties used as Temporary Accommodation. It is worth noting that without these two one off underspends the HRA overspend would have been £1,342,703.43.
- 3.3 The main source of the HRA overspend is the “Third Party Payments including the cost of private contractors and materials” with an overspend of £2,445,711.06, representing a 38% variance from the budget set. The overspend is primarily due to the charges contractors have made when undertaking repairs and maintenance and in particular costs relating to voids/empty properties. The service prioritised the return of empty properties to provide temporary accommodation to homeless households. Over 60% of void properties were allocated to external contractors to make them available as soon possible. Not all staff were in post so were using more contractors.
- 3.4 Due to the overspend in this area the service is now reducing the use of contractors and increasing the use of its internal workforce on void properties. The service is actively managing the demand for properties. The service has reviewed the Quality of Accommodation standard and will now ensure that the standard is not exceeded.
- 3.5 Due to the above measures it may take longer to complete the works to a void property and therefore the rent loss due to voids may increase, however the costs saved by the internal workforce undertaking the works will significantly exceed the

rent loss. Satisfaction of new tenants may be impacted as the service will not exceed the Quality of Accommodation standard.

4. END OF QUARTER ONE 2024 – 25 OUTTURNS

4.1 Table 2 below shows the same budgets and details as Table 1 but for the first quarter of this financial year (April to June 2024).

Table 2 – End of quarter

Description of Cost	Sum of Actual	Sum of Budget 2	Sum of Variance	Over/Underspend as a % Variance of Budget
Borrowing Costs including interest and MRP	5,291,720.00	5,291,720.00	0.00	0%
Pay including National Insurance and Pension Costs	9,354,823.81	9,775,560.00	420,736.19	4%
Property Costs	511,994.65	420,870.00	-91,124.65	-22%
Staff Related Costs Not Pay including travel expenses, professional subscriptions, expenses, advertising and redundancy costs	66,214.66	93,040.00	26,825.34	29%
Supplies and Services including legal costs, ICT and equipment costs, clothing general office expenses, training, subscriptions etc.	£898,051.88	£940,950.00	£42,898.12	5%
Transport	438,401.81	468,100.00	29,698.19	6%
Corporate Recharges	1,330,740.00	1,330,740.00	0.00	0%
Internal Cleaning	115,547.43	141,420.00	25,872.57	18%
Generated income excluding Rental Income	-1,474,069.00	-1,322,370.00	151,699.00	-11%
Rent	-30,109,612.06	-29,998,340.00	111,272.06	0%

Contribution from the HRA reserves	-1,400,000.00	-1,400,000.00	0.00	0%
Grounds	863,745.79	925,860.00	62,114.21	7%
Third Party Payments including the cost of private contractors and materials	9,619,055.04	8,317,350.00	-1,301,705.04	-16%
Revenue Contribution to Capital	3,900,000.00	3,900,000.00	0.00	0%
Contribution to HRA Vehicle Replacement Reserve	415,660.00	415,660.00	0.00	0%
Bad Debt Provision	228,312.15	699,440.00	471,127.85	67%
Grand Total	50,586.16	0.00	-50,586.16	

- 4.2 There are two budget areas that are overspent: “Property Costs” and “Third Party Payments including the cost of private contractors and materials”. Both are currently over 10% variance from budget. “Third Party Payments including the cost of private contractors and materials” is currently predicted to be 16% or £1,301,705.04 overspent at year end from the budget set. The other underspends are offsetting the overspends to result in an overall forecast outturn overspend of £50,586.16 at the end of the quarter.
- 4.3 The service is taking steps to reduce the predicted overspend in “Property Costs” and “Third Party Payments including the cost of private contractors and materials”. This includes increasing the volume of works to void properties undertaken by the internal workforce, as the teams develop capacity and capability, to reduce the higher cost of using external contractors. The service will however continue to use specialist contractors for certain types of works where it is not practicable to retain in-house capability and capacity due to the irregular nature of such activity.
- 5. HRA RESERVES**
- 5.1 The reserve end of year balance was and remains at £3,525,050.69 and includes the £432,530.26 overspend from the end of the financial year.
- 5.2 The service in accordance with the requirements of WHQS 2023 were planning to undertake a stock condition survey during 2025/26 and the plan was to fund the survey next year from reserves (£1.4 million), which would have reduced the reserves to just over £2 million. However, following a detailed appraisal of the stock condition options the service are now proposing

undertaking the survey over five years by creating its own internal team at a total estimated cost of £2.1 million. If this option is agreed, there will not be the same impact on reserves.

Recommendation:		Reason for Recommendation:	
TSP note the outturn balance of the HRA at the end of the financial year 2023/24 and the first quarter of the current financial year.		TSP are kept informed of the HRA finances.	
Within Policy:	Yes	Within Budget:	Yes

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