

COUNCIL MEETING

Wednesday, 21st February,
2024
at 2.00 pm

Council Chamber - Civic Centre

This meeting is open to the public

Members of the Council

The Lord Mayor – Chair

The Sheriff – Vice-chair

Leader of the Council

Members of the Council (See overleaf)

Contacts

Director of Governance, Legal and HR
Richard Ivory
Tel 023 8083 2794
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Senior Democratic Support Officer
Claire Heather
Tel: 023 8083 2412
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WARD	COUNCILLOR	WARD	COUNCILLOR
Banister & Polygon	Evemy Leggett Windle	Peartree	Houghton Keogh Letts
Bargate	Bogle Noon Dr. Paffey	Portswood	Barbour Finn Savage
Bassett	Blackman Chapman Wood	Redbridge	Goodfellow McEwing Whitbread
Bevois	Denness Kataria Rayment	Shirley	Kaur Quadir Winning
Bitterne Park	Barnes-Andrews T Bunday Webb	Sholing	J Baillie Beaurain Powell-Vaughan
Coxford	Greenhalgh McCreanor Renyard	Swaythling	M Bunday Fielker Mrs Mintoff
Freemantle	Kenny Lambert Shields	Thornhill	Allen A Frampton Y Frampton
Harefield	Laurent P Baillie Fitzhenry	Woolston	Mrs Blatchford Payne Ugwoeme
Millbrook	Cox Galton Moulton		

PUBLIC INFORMATION

Role of the Council

The Council comprises all 48 Councillors. The Council normally meets six times a year including the annual meeting, at which the Lord Mayor and the Council Leader are elected and committees and sub-committees are appointed, and the budget meeting, at which the Council Tax is set for the following year.

The Council approves the policy framework, which is a series of plans and strategies recommended by the Executive, which set out the key policies and programmes for the main services provided by the Council. It receives a summary report of decisions made by the Executive, and reports on specific issues raised by the Overview and Scrutiny Management Committee. The Council also considers questions and motions submitted by Council Members on matters for which the Council has a responsibility or which affect the City.

PUBLIC INVOLVEMENT

Questions:- People who live or work in the City may ask questions of the Lord Mayor, Chairs of Committees and Members of the Executive. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.8)

Petitions:- At a meeting of the Council any Member or member of the public may present a petition which is submitted in accordance with the Council's scheme for handling petitions. Petitions containing more than 1,500 signatures (qualifying) will be debated at a Council meeting. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.1)

Representations:- At the discretion of the Lord Mayor, members of the public may address the Council on any report included on the agenda in which they have a relevant interest. Any member of the public wishing to address the meeting should advise the Democratic Support Officer (DSO) whose contact details are on the front sheet of the agenda.

Deputations:- A deputation of up to three people can apply to address the Council. A deputation may include the presentation of a petition. (See the Council's Constitution ref Part 4 Council Procedure Rules 10.7)

MEETING INFORMATION

Use of Social Media:- The Council supports the video or audio recording of meetings open to the public, for either live or subsequent broadcast. However, if, in the Chair's opinion, a person filming or recording a meeting or taking photographs is interrupting proceedings or causing a disturbance, under the Council's Standing Orders the person can be ordered to stop their activity, or to leave the meeting. By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and or/training purposes. The meeting may be recorded by the press or members of the public.

Any person or organisation filming, recording or broadcasting any meeting of the Council is responsible for any claims or other liability resulting from them doing so.

Details of the Council's Guidance on the recording of meetings is available on the Council's website.

Mobile Telephones – Please switch your mobile telephones or other IT to silent whilst in the meeting.

Southampton: Corporate Plan 2022-2030 sets out the four key outcomes:

- Communities, culture & homes - Celebrating the diversity of cultures within Southampton; enhancing our cultural and historical offer and using these to help transform our communities.
- Green City - Providing a sustainable, clean, healthy and safe environment for everyone. Nurturing green spaces and embracing our waterfront.
- Place shaping - Delivering a city for future generations. Using data, insight and vision to meet the current and future needs of the city.
- Wellbeing - Start well, live well, age well, die well; working with other partners and other services to make sure that customers get the right help at the right time

Access – Access is available for disabled people. Please contact the Council Administrator who will help to make any necessary arrangements

Smoking policy – The Council operates a no-smoking policy in all civic buildings

Fire Procedure – In the event of a fire or other emergency, a continuous alarm will sound and you will be advised by Council officers what action to take.

Proposed dates of meetings	
2023	2024
19 July	21 February (Budget)
20 September	20 March
15 November	15 May (AGM)

CONDUCT OF MEETING

FUNCTIONS OF THE COUNCIL

The functions of the Council are set out in Article 4 of Part 2 of the Constitution

RULES OF PROCEDURE

The meeting is governed by the Council Procedure Rules as set out in Part 4 of the Constitution.

BUSINESS TO BE DISCUSSED

Only those items listed on the attached agenda may be considered at this meeting.

QUORUM

The minimum number of appointed Members required to be in attendance to hold the meeting is 17.

DISCLOSURE OF INTERESTS

Members are required to disclose, in accordance with the Members' Code of Conduct, **both** the existence **and** nature of any "Disclosable Pecuniary Interest" or "Other Interest" they may have in relation to matters for consideration on this Agenda.

DISCLOSABLE PECUNIARY INTERESTS

A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:

- (i) Any employment, office, trade, profession or vocation carried on for profit or gain.
- (ii) Sponsorship: Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
- (iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.
- (iv) Any beneficial interest in land which is within the area of Southampton.
- (v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.
- (vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.
- (vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:
 - a) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or
 - b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

Other Interests

A Member must regard himself or herself as having an, 'Other Interest' in any membership of, or occupation of a position of general control or management in:

Any body to which they have been appointed or nominated by Southampton City Council

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

Any body whose principal purpose includes the influence of public opinion or policy

Principles of Decision Making

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

Richard Ivory, Solicitor
Director of Legal and Governance
Civic Centre, Southampton, SO14 7LY

Tuesday, 13 February 2024

TO: ALL MEMBERS OF THE SOUTHAMPTON CITY COUNCIL

You are hereby summoned to attend a meeting of the COUNCIL to be held on WEDNESDAY, 21ST FEBRUARY, 2024 in the COUNCIL CHAMBER CIVIC CENTRE at 2:00pm when the following business is proposed to be transacted:-

1 APOLOGIES

To receive any apologies.

2 ANNOUNCEMENTS FROM THE LORD MAYOR AND LEADER

Matters especially brought forward by the Lord Mayor and the Leader.

3 DEPUTATIONS, PETITIONS AND PUBLIC QUESTIONS

To receive any requests for Deputations, Presentation of Petitions or Public Questions.

4 RECOMMENDATION TO FULL COUNCIL FOR INTERIM CHIEF EXECUTIVE AND HEAD OF PAID SERVICE (Pages 1 - 4)

Report of the Leader of the Council seeking approval for the appointment of interim Chief Executive and Head of Paid Service.

5 MEMBERS' ALLOWANCE SCHEME (Pages 5 - 8)

The report of the Director of Legal and Governance seeking approval to the Members' Allowance Scheme.

6 ENERGY PROCUREMENT CONTRACT □ (Pages 9 - 18)

Report of the Cabinet Member for Economic Development seeking approval of the procurement of the council's energy needs via the Laser Energy Procurement Framework 2024 through to September 2028.

7 EXCLUSION OF THE PRESS AND PUBLIC - EXEMPT PAPERS INCLUDED IN THE FOLLOWING ITEM (IF NEEDED)

To move that in accordance with the Council's Constitution, specifically the Access to Information Procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of any consideration of the exempt appendix 6 to the following Item.

Appendix 6 (Capital Programme detail) is exempt from publication by virtue of category 3 of rule 10.4 of the Council's Access to Information Procedure Rules i.e. information relating to the financial or business affairs of any particular person. It is not in the public interest to disclose this information due to an ongoing commercial dispute which is subject to a protected alternative dispute resolution procedure. If the information was disclosed then the Council's financial position would be available to other parties to the dispute and prejudice the Council's ability to achieve best value

8 THE HRA BUDGET 2024/25 AND CAPITAL PROGRAMME 2023/24 TO 2028/29 □
(Pages 19 - 64)

To consider the report of the Cabinet Member for Finance and Change detailing the HRA Budget 2024/25 and Capital Programme 2023/24 to 2028/29.

9 APPOINTMENTS TO COMMITTEES, SUB-COMMITTEES AND OTHER BODIES

To deal with any appointments to Committees, Sub-Committees or other bodies as required.

NOTE: There will be prayers by Fr. Anthony Chiatu Njingo in the Mayor's Reception Room at 1.45 pm for Members of the Council and Officers who wish to attend.



Richard Ivory
Director – Governance, Legal and HR

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Agenda Item 4

DECISION-MAKER:	COUNCIL
SUBJECT:	APPOINTMENT OF CHIEF EXECUTIVE AND HEAD OF PAID SERVICE
DATE OF DECISION:	21 st February 2024
REPORT OF:	COUNCILLOR FIELKER LEADER OF THE COUNCIL

<u>CONTACT DETAILS</u>			
Author	Title	Executive Director Corporate Services	
	Name:	Mel Creighton	Tel:
	E-mail	Mel.creighton@sothampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
N/A	
BRIEF SUMMARY	
<p>Following the departure of the permanent Chief Executive in practical terms in January 2024, it was agreed with the Leader of the Council, after consultation with the Chair of the Improvement Board, to urgently secure an interim external appointment to the post of Chief Executive and Head of Paid Service for the immediate period, to lead the organisation through its urgent and substantial transformation programme. A permanent appointment will be considered in due course.</p> <p>In light of the unusual and extenuating circumstances and recognising the experience required for the position in the short and medium term, expressions of interest were not invited from serving Executive Directors.</p> <p>There are both legal and constitutional requirements which must be observed when appointing a chief and/or statutory officer and the process fell to the Chief Officer Employment Panel (COEP).</p> <p>The COEP met on 19th January 2024 and made the decision to appoint Andrew Travers as the interim Chief Executive. As the statutory role of Head of Paid Service can only be appointed to by full Council, this is being brought to Council for a formal decision. In the meantime, the Director of Legal and Governance acted under delegated powers to appoint Claire Edgar, currently Executive Director for Wellbeing (Adults) and Housing, as temporary Head of Paid Service, in addition to her substantive role.</p>	
RECOMMENDATIONS:	
	(i) To appoint Andrew Travers to the position of Interim Chief Executive and Head of Paid Service.
REASONS FOR REPORT RECOMMENDATIONS	
1.	The Interim Chief Executive and Head of Paid Service will replace the current postholder, Mike Harris, following his departure and will both lead and be part of the Executive Management Board and Improvement Board. The combined position will provide focused leadership for the organisation.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	The option to advertise the permanent post was rejected at this time given the council's current transformation requirements and overall financial and budgetary position.
DETAIL (Including consultation carried out)	
3.	As contained above, Andrew Travers will be invited to take up the role of Head of Paid Service immediately.
4.	Should Council not wish to appoint the position will be reviewed.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
5.	Costs will be met within existing budgets.
<u>Property/Other</u>	
6.	N/A
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
7.	Local Government Act 2000 and the Local Government (Standing Orders) (England) Regulations 2001 as amended.
<u>Other Legal Implications:</u>	
8.	None
RISK MANAGEMENT IMPLICATIONS	
9.	None
POLICY FRAMEWORK IMPLICATIONS	
10.	None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None

Documents In Members' Rooms

1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No

Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.	None	

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Agenda Item 5

DECISION-MAKER:	COUNCIL
SUBJECT:	MEMBERS' ALLOWANCE SCHEME
DATE OF DECISION:	21 FEBRUARY 2024
REPORT OF:	COUNCILLOR LORNA FIELKER, LEADER OF THE COUNCIL

<u>CONTACT DETAILS</u>			
Executive Director	Title	Executive Director Corporate Services	
	Name:	Mel Creighton	Tel: 023 8083 3528
	E-mail	Mel.creighton@southampton.gov.uk	
Author:	Title	Director of Legal and Governance	
	Name:	Richard Ivory	Tel: 023 8083 2794
	E-mail	Richard.ivory@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
N/A	
BRIEF SUMMARY	
<p>Under the Local Government (Members' Allowances) (England) Regulations 2003, local authorities are required to adopt a Member Allowance Scheme and appoint Independent Remuneration Panels (IRP) for the purpose of reviewing their schemes of members' allowances and making recommendations to Full Council. The most recent IRP took place in October 2022, with the IRP recommendations presented at Council on 16 November 2022.</p>	
<p>Council had regard to the recommendations of the Independent Remuneration Panel (IRP) as set out in the Panel's report to Council, but decided not to accept the recommendations except in respect of (a) the proposed dependant carers' allowance and (b) to remove the members IT allowance and adopt a core Members' Allowance Scheme (MAS) based on the current scheme from 8 May 2023.</p>	
<p>Council also decided to freeze members' allowances in 2023/2024, the Basic Allowance remained at the 2022 rate of £13,900 per member. This report recommends the continuation to freeze member's allowances.</p>	
RECOMMENDATION:	
	(i) To accept the premise for the original recommendation for increases by the IRP but agree these be frozen until the expiration of the current adopted Member Allowance Scheme in May 2027.
REASONS FOR REPORT RECOMMENDATIONS	
1.	Reinstatement of the annual increases to the basic allowance from 2024/2025 and the continuation of these in 2025/26 will add to the financial pressures faced by the council.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	

2.	The alternative is to resume increases in line with the MAS as agreed in 2022, with the budget pressure that would bring.
DETAIL (Including consultation carried out)	
3.	As referred to above the council has to have in place a MAS at all times. Council has a duty to have regard to the recommendation of the IRP when making or amending the scheme of allowances, however it is not bound to follow its recommendations.
4.	The formula used to calculate the basic allowance is linked to the real living wage (RLW). This would represent an 10% annual increase, plus the backdated increase for 23/24, to the basic allowance payable to all members.
5.	The current basic allowance for members is £13,900 per member. Should members reinstate accepting an uplift in allowances from 2024/2025, the basic allowance will rise to £16,848 per member. For 2024/2025 this will represent an additional annual increase of £0.22M in the basic and special responsibility allowance payments before on costs.
6.	In 2025/26 the formula used to calculate the basic allowance would continue to rise in line with the annual increase to the RLW until the MAS is independently reviewed again by October 2026. However, this report does recommend that this increase is not taken in order to continue to assist in easing the budget position
7.	Members are fully aware of the council's financial position and recognise the reinstatement of the annual uplift to the basic allowance will continue to add to the financial pressures within the council's budget and therefore propose to retain the current level of allowances and reject the reinstatement of an annual increase to the basic allowance until the next IRP review takes place
8.	The next IRP will take place in the Autumn of 2026 to review the current MAS. Any changes to the scheme will take effect post May 2027 elections. The cost of commissioning a new IRP is reflected in the 2025/2026 budget and costs approximately £5000.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
9.	Budget exists for the payments under the agreed MAS at the frozen 2022/23 rate, save for any new Cabinet Member or Chairs of committees /positions created over the numbers set out in the constitution There is no allocated budget for any uplift which if agreed would be a pressure on the General Revenue Fund.
10.	The existing budget for members allowances is £0.92M, an increase in members allowances will not be affordable within this budget. An increase to the current living wage will result in a pressure in this budget of £0.22M in 24/25.
11.	The total cost of allowances including on costs at 24/25 RLW would be £1.14M
12.	Given the financial position of the authority any potential increase in expenditure that cannot be offset by reductions in spend elsewhere should be carefully considered. A budget pressure will impact on the overall budget gap

	the authority is facing. Therefore the recommendation of this report is to freeze increases to members allowances.
<u>Property/Other</u>	
13.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
14.	Local Government (Members' Allowance) (England) Regulations 2003.
<u>Other Legal Implications:</u>	
15.	None
RISK MANAGEMENT IMPLICATIONS	
16.	None
POLICY FRAMEWORK IMPLICATIONS	
17.	None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	
2.	

Documents In Members' Rooms

1.	None
2.	

Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.	IRP Report November 2022	
2.		

DECISION-MAKER:	CABINET COUNCIL
SUBJECT:	ENERGY PROCUREMENT CONTRACT
DATE OF DECISION:	16 JANUARY 2024 21 FEBRUARY 2024
REPORT OF:	COUNCILLOR BOGLE CABINET MEMBER FOR ECONOMIC DEVELOPMENT

<u>CONTACT DETAILS</u>			
Executive Director	Title	PLACE	
	Name:	ADAM WILKINSON	Tel: 023 8254 5853
	E-mail:	adam.wilkinson@southampton.gov.uk	
Author:	Title	ENERGY MANAGER	
	Name:	JASON TAYLOR	Tel: 023 8083 2641
	E-mail:	jason.taylor@southampton.gov.uk	


STATEMENT OF CONFIDENTIALITY	
NOT APPLICABLE	
BRIEF SUMMARY	
Southampton City Council (Council) procured £14.8M of electricity and gas covering its corporate and housing assets, in 2022/23.	
The current council electricity and gas contracts are procured via the Laser Energy Procurement Framework and will expire on 30th September 2024.	
This paper proposes to continue the procurement of electricity and gas through Laser from October 2024, using their OJEU compliant framework.	
RECOMMENDATIONS:	
CABINET	
	(i) To approve the procurement of the council's energy needs via the Laser Energy Procurement Framework 2024 through to September 2028, and
	(ii) To give delegated approval to the Executive Director of Place following consultation with the Executive Director Corporate Services (S151) to undertake the following recommendations:
	(iii) To enter into appropriate Customer Access Agreements through the Laser Framework for the supply of electricity, gas, and ancillary services.
	(iv) To procure and award a call off contract under a Laser framework agreement for the Council's (including partners) gas and electricity supplies for a term of up to four years for the period 2024-2028.
	(v) To approve the in-contract purchasing options and additional ancillary services under the Laser Framework.
COUNCIL	

	(i)	To approve the procurement of the council's energy needs over 4 years, equating to a total of £60M, via the Laser Energy Procurement Framework - October 2024 through to September 2028.
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REASONS FOR REPORT RECOMMENDATIONS	
1.	To ensure all gas and electricity supplies are covered by a contracted price to guarantee the Council does not pay significantly higher 'out of contract' rates and manages ongoing cost risks.
2.	Ensure that the Council procures its gas and electricity needs in a compliant, best practice and cost-efficient manner.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
3.	The option to undertake an open tender process was considered and rejected.
4.	A separate open tender process was ruled out as procuring this requirement alone would not result in the reduced cost risk achieved via the economies of scale associated with the Laser framework. There would also be an additional cost from procuring a broker to leverage the market on the Council's behalf. This option would not have resulted in a value for money solution over the term of the next contract and the associated procurement exercise would have been time-consuming and costly.
5.	In addition, it is proposed the Council portfolio and/or consumption profiles will change over the next 4-year contract period. Particularly when considering the council's aspirations to decarbonise its corporate assets. The Laser contracts will protect the Council from financial penalties associated with these changes, which a standard open tender would not, without a cost risk.
6.	The Council will gain a greater benefit from an established framework; this enables it to use the additional purchasing power of joining with a cohort of similar organisations. This approach will allow the Council to achieve the most favourable pricing available for its gas and electricity requirements, even through a period of change.
7.	There are a number of frameworks available which broadly meet the Council's requirements; these have been reviewed as part of the process. The Laser Framework has been assessed as it provides the best value available by utilising units bought at a competitive pricing point, greater flexibility, closest alignment to the Council's objectives, along with reduced administration that would come from using the same suppliers and support provided by Laser. It also provides a strong future option for the Council to explore "Green" baskets or flexibility contracts as part of the Green City and Cost Reduction Programmes. Therefore, it is proposed the Council should purchase gas and electricity for its housing and corporate assets under the Laser framework.

DETAIL (Including consultation carried out)	
8.	<p>Southampton City Council (SCC):</p> <ul style="list-style-type: none"> • Procures all the Council's gas and electricity via the Kent County Council's Energy Buying Group (Laser) as part of a 2020-2024 Flexible Energy Official Journal of the European Union (OJEU) compliant Framework. • Is supplied by Npower and TotalEnergies under the Framework, supplying the Council's electricity and gas needs, respectively.

9.	During the past 3 years there have been huge fluctuations in wholesale energy prices. With historical market lows during the main Covid 19 lockdown periods of the pandemic, to the highest ever prices recorded in subsequent months and years. Prices have recently levelled off, though at higher than previous baselines.																																			
10.	At times, the wholesale market gas prices have been over 500% higher than pre-pandemic levels. Due to the SCC procurement strategy, SCC have been protected from the worst of the increases. The Council has seen, and will continue to see, higher than pre-pandemic energy prices for the foreseeable future. Figures 1 and 2 below show the affect of the energy market volatility since winter 2020.																																			
11.	This paper provides the rationale for re-procuring all the Council’s gas and electricity contracts via the Laser Energy Procurement Framework.																																			
12.	There is also an overview of the Laser framework and associated benefits along with current Council’s management of the energy accounts within the appendix.																																			
13.	<p>Over the past framework period Laser has proven to perform better than average based on the market conditions for the Purchase in advance (PIA) basket. Both portfolios (housing and corporate) achieved costs were significantly lower than average market rates. See figures 1 & 2 below.</p> <p>Figure 1 – Laser Electricity Purchase in Advance (PIA) basket performcne.</p>  <table border="1" data-bbox="293 1043 1437 1514"> <caption>Estimated data for Figure 1: LASER Basket Performance Winter 2020 - Summer 2023</caption> <thead> <tr> <th>Period</th> <th>Maximum (€/MWh or p/therm)</th> <th>Average (€/MWh or p/therm)</th> <th>Min (€/MWh or p/therm)</th> <th>Basket Performance (€/MWh or p/therm)</th> </tr> </thead> <tbody> <tr> <td>Winter 2020</td> <td>~50</td> <td>~30</td> <td>~20</td> <td>~30</td> </tr> <tr> <td>Summer 2021</td> <td>~50</td> <td>~30</td> <td>~20</td> <td>~30</td> </tr> <tr> <td>Winter 2021</td> <td>~250</td> <td>~100</td> <td>~50</td> <td>~80</td> </tr> <tr> <td>Summer 2022</td> <td>~400</td> <td>~150</td> <td>~50</td> <td>~50</td> </tr> <tr> <td>Winter 2022</td> <td>~850</td> <td>~350</td> <td>~50</td> <td>~200</td> </tr> <tr> <td>Summer 2023</td> <td>~600</td> <td>~250</td> <td>~50</td> <td>~100</td> </tr> </tbody> </table> <p>Figure 2 – Laser Gas Purchase in Advance (PIA) basket performcne.</p>	Period	Maximum (€/MWh or p/therm)	Average (€/MWh or p/therm)	Min (€/MWh or p/therm)	Basket Performance (€/MWh or p/therm)	Winter 2020	~50	~30	~20	~30	Summer 2021	~50	~30	~20	~30	Winter 2021	~250	~100	~50	~80	Summer 2022	~400	~150	~50	~50	Winter 2022	~850	~350	~50	~200	Summer 2023	~600	~250	~50	~100
Period	Maximum (€/MWh or p/therm)	Average (€/MWh or p/therm)	Min (€/MWh or p/therm)	Basket Performance (€/MWh or p/therm)																																
Winter 2020	~50	~30	~20	~30																																
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Winter 2021	~250	~100	~50	~80																																
Summer 2022	~400	~150	~50	~50																																
Winter 2022	~850	~350	~50	~200																																
Summer 2023	~600	~250	~50	~100																																

	<p style="text-align: center;">LASER Basket Performance Winter 2020 - Summer 2023</p> <p style="text-align: center;">● Maximum ● Average ● Min — Basket Performance</p> <table border="1"> <caption>Approximate data from LASER Basket Performance chart</caption> <thead> <tr> <th>Period</th> <th>Maximum (£/MWh)</th> <th>Average (£/MWh)</th> <th>Min (£/MWh)</th> <th>Basket Performance (£/MWh)</th> </tr> </thead> <tbody> <tr> <td>Winter 2020</td> <td>~80</td> <td>~40</td> <td>~20</td> <td>~40</td> </tr> <tr> <td>Summer 2021</td> <td>~60</td> <td>~30</td> <td>~15</td> <td>~30</td> </tr> <tr> <td>Winter 2021</td> <td>~220</td> <td>~100</td> <td>~50</td> <td>~80</td> </tr> <tr> <td>Summer 2022</td> <td>~500</td> <td>~250</td> <td>~100</td> <td>~100</td> </tr> <tr> <td>Winter 2022</td> <td>~820</td> <td>~350</td> <td>~150</td> <td>~250</td> </tr> <tr> <td>Summer 2023</td> <td>~720</td> <td>~250</td> <td>~100</td> <td>~180</td> </tr> </tbody> </table>	Period	Maximum (£/MWh)	Average (£/MWh)	Min (£/MWh)	Basket Performance (£/MWh)	Winter 2020	~80	~40	~20	~40	Summer 2021	~60	~30	~15	~30	Winter 2021	~220	~100	~50	~80	Summer 2022	~500	~250	~100	~100	Winter 2022	~820	~350	~150	~250	Summer 2023	~720	~250	~100	~180
Period	Maximum (£/MWh)	Average (£/MWh)	Min (£/MWh)	Basket Performance (£/MWh)																																
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14.	<p>Consultation has been undertaken with associated SCC staff (including legal, procurement, senior managers) and Councillors.</p>																																			
15.	<p>The contracts will be separated between Housing and Corporate.</p> <ul style="list-style-type: none"> • Housing will include all gas and electricity supplies for council owned landlord related supplies, for example tower block lighting and landlord heating. • Corporate will include all non-domestic buildings and assets such as the Civic Centre, schools, depots, and street lighting. 																																			
16.	<p>Energy related invoicing has been centralised and is managed electronically by the Energy Team. This has significantly reduced administration of the contract, which consists of over 2,300 energy meters. Most of which are billed monthly.</p>																																			
17.	<p>The Energy Team delivers the energy managed service, including all leisure centres under the Active Nation contract and schools. This service includes centralised payment, bill validation, contract management, management of billing and existing metering queries. It involves ensuring costs are managed and savings identified as part of the service. On the corporate energy contract alone, this service has identified and delivered £400K of savings to the corporate gas and electricity contract since 2021. These savings do not include those achieved from centralising the payment of invoices and validation process. On the corporate energy contract only, this will be offset by approximately 0.6% fees, which the council levies to energy costs to cover the added value energy managed services delivered as part of the contract management¹.</p>																																			
18.	<p>The proposed contracts will enable flexibility to reduce purchased energy volumes significantly. One of the most effective means of reducing carbon emissions is to reduce grid imported energy consumption significantly (through investment in energy efficiency projects and/or self-supply from on-site or local renewable energy installations). Many energy supply contracts contain punitive terms ('take or pay clauses') which penalise customers for significant reductions in purchased volumes (typically more than 10% volume variation). Due to the flexible procurement strategies employed by Laser, their large portfolio and longer-term supply periods, it can absorb variances in volumes and in doing so critically provide the flexibility for the customer to reduce its purchased</p>																																			

¹ This includes monitoring of energy consumption for reduction purposes, electronic invoice payment & management, price checking and validation, along with energy procurement, contract, and query management.

	consumption significantly. This is a major benefit of the Laser contract over alternative arrangements, paving the way for decisive action on energy and carbon reduction.
19.	Energy market price volatility has increased since January 2021. This has pushed gas and electricity prices to an all-time high and will continue to have a bearing on the prices secured from 1 st October 2024. Energy is sold in the market like any other commodity, which means the Council are at the mercy of the price at the time of entering the market. That is why the flexible procurement route has been advised by central government and always proved to be the least risky and most beneficial purchasing strategy for the Council.
20.	The Council will gain a greater benefit from an established Framework (like Laser) which it can call off from as part of a commitment cohort with similar organisations.
21.	Within the contracts there are several different purchasing options which balance cost against risk.
22.	It is proposed the 'Purchase in Advance' (PIA) option (basket) is retained. This means all energy is purchased at intervals prior to the fixed pricing start date, which is historically October 1 st each year. This gives a fixed price electricity and gas price certainty over a twelve-month period.
23.	It is also proposed to move the annual (12 monthly) fixed price period, charged on our electricity and gas unit rates from October to September, to April to March; however, the timing of this change needs to consider the best time based on market volatility and winter pricing. Now a fixed energy price is provided from October for twelve months (under PIA). But its proposed moving forward the fixed price will be set over a financial year (April to March) as requested by schools and finance during a consultation process. It is planned the fixed price periods are moved to April to March to align with the Councils financial year to ease reporting and budgeting. This will only be undertaken if cost risks are low, which they have not been to date due to market volatility. The recommended approach is to stay in October PIA and then the Council can assess with Laser /market over the course of the framework to pick the best time to make the move. Rather than having to battle the contractual and operational move at the same time and increase winter pricing costs significantly during the first 6 months of the change.
24.	There is also the option to procure competitively priced ancillary services under the framework, such as metering, data, and wider energy services. The Council will utilise these services if it is cost effective to do so. Historically metering and data has been procured via these arrangements. However, these will be procured separately if there are better value alternatives.
RESOURCE IMPLICATIONS	
<u>Revenue</u>	
25.	Electricity and gas costs have risen from £9M per annum in 2019-20 up to the current £14.79M in 2022/23, even though the Council's consumption has dropped over the same period.
26.	Total costs of energy in financial year 2022-23 is shown in Table 1 below. Table 1 – Total Council gas and electricity costs 2022-23

			Actuals- 2022/23	
			£M	
		Corporate (including streetlighting & schools)	7.27	
		Housing	7.52	
		Total	14.79	
27.	Energy is treated like other commodities, with all gas and electricity being procured via the wholesale energy market. The fixed and regulated costs are then added to the wholesale energy price achieved, which makes up the total energy cost.			
28.	Market assessment from Cornwall Insights, the most widely used energy analysts, and Laser estimate that energy costs are likely to stay at, or close to, current levels until 2030. Therefore, the Council needs to ensure that all efforts are made to reduce consumption and spread the risks with an effective flexible procurement strategy.			
29.	Based on market conditions and aggregated purchasing benefits on the Laser Framework over the current contract period, it is estimated Laser has enabled the Council to avoid costs of £2.1M per annum.			
<u>Property/Resources</u>				
30.	All Council assets and operations require energy to operate, and it is importance to ensure that sites, assets, and meters are covered under an energy supply contract. Out of contract rates can be over double the costs of in contract rates.			
31.	The daily operation of Council corporate and housing energy contracts is undertaken by resources based in the Asset Management Service Area, within the Energy Team. This daily management is spread across 4 FTEs, with 2 FTEs currently vacant, which has reduced the opportunity to deliver further savings on the contract.			
32.	Based on current consumption, under the new framework, LASER's procurement only management and purchasing fees would be approximately £120k (0.8% of total costs) per annum (subject to CPI increases).			
LEGAL IMPLICATIONS				
<u>Statutory power to undertake proposals in the report:</u>				
33.	S.1 Localism Act 2011. There is a requirement in both the Public Contracts Regulations 2015 regulations (PCR) and the Council's Contract Procedure Rules (CPR) for the Council to run a competitive tender when procuring the supply of energy.			
34.	This competitive tender has been undertaken by Laser (the Central Purchasing Body) in setting up their Energy Procurement and Supply framework and because in their OJEU advert, they indicated that Southampton City Council would be a buyer or within a class of buyers indicated, that satisfies both the requirements of the PCR and the CPR.			
35.	Therefore, the regulatory requirements on the Council to tender for the energy supply have been complied with. The conditions to the use of the Laser procured energy contracts are being met.			

Other Legal Implications:	
36.	N/A
RISK MANAGEMENT IMPLICATIONS	
37.	<p>Risk has been identified as high in relation to Financial and Green City Policy:</p> <ol style="list-style-type: none"> i. Failure to enter gas and electricity supply contracts runs the risk of facing out of contract pricing, which can attract premiums of more than 100%. ii. The energy market has seen significant rises in gas and electricity wholesale prices on both the spot and forward purchasing market. At the time of writing, market prices for gas and electricity continue to be high and this is going to affect the price of energy supplied to SCC from October 2024. A purchasing strategy is being assessed for the year ahead from October 2024, which will hopefully reduce the impact on the Council. Now it is impossible to quantify any increase or decrease, as these will be market driven and based on the buying window prices. iii. Locking into certain energy contracts can also penalise future energy reductions or shifting energy consumption, making them uneconomical and effectively blocking significant potential future cost and carbon reduction activities. Laser contracts have been chosen as they do not carry this cost risk. iv. Furthermore, failure to enter flexible supply contracts in advance, minimises the window for forward buying. This buying window needs to start by end of March 2024.
38.	Not building capacity in our contract to; adopt green tariffs; enter direct purchase of renewables or be penalised for reducing consumption would undermine our Green City Action Plan and efforts to be a net zero organisation by 2030. Laser Framework Contracts provide this certainty.
POLICY FRAMEWORK IMPLICATIONS	
39.	<p>The procurement strategy and buying option for energy outlined here will support and deliver council outcomes in the following policies:</p> <ul style="list-style-type: none"> • Corporate plan 2020 -2025: Green City and Wellbeing (improving the energy efficiency of school buildings) • Green City Plan 2030 - to ensure the council corporate assets and streetlighting become zero carbon by 2030. The corporate assets cover all non-domestic buildings including SCC schools and streetlighting.

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	ALL
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Background & Benefits of Kent Laser
Documents In Members' Rooms	
1.	None.
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and	No

Safety Impact Assessment (ESIA) to be carried out.		
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impa		No
Assessment (DPIA) to be carried out.		
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.		
2.		

Appendix 1 – Background & Benefits of Laser

Who is Laser?

Laser acts like a 'buying club' whereby the council joins together with other public sector bodies and the tender of prices on the energy market takes place based on energy and water supplies worth £1.5 Billion per annum (approximately 2% of the UK's non-domestic energy demand) rather than with just the Council's £15M. The approach is compliant with procurement regulations (PCR15). LASER provides the aggregated, flexible, and risk-managed approach recommended by Government, and expertise in energy-buying for the public sector.

The LASER framework contracts have been awarded to NPower for electricity and Total Gas and Power for gas. These are the Councils current energy suppliers and would provide continuity across the contracts.

LASER uses a governance process managed by representatives from its members from London Boroughs, County, and unitary authorities. The governance panel helps to set buying strategy and provides an audited record of each buying decision.

LASER currently procures energy for over 200 public organisations including 130 local authorities, representing over £1.5 Billion of energy and water contracts every year. It has completed the procurement to appoint the energy providers for the period October 2024 to September 2028.

Why the council procure from LASER?

The council has procured its electricity and gas supplies in this way since 2009. This provision of energy and procurement services by LASER in the current 2016-2021 contract was previously independently benchmarked and shown to be best value.

The aggregation of energy demand from the contracted public authorities within the Laser buying group is attractive to the energy market and promotes the lowest 'cost to serve'.

The LASER contract provides flexible procurement which means rather than be tied to the cost of energy at the time of the tender return, LASER buy portions (clips) of energy at the most economical time during the rise and fall in the market. This approach is proven to take advantage of market variation to procure at the best price.

The electricity provided by NPower under the LASER framework will enable SCC to procure renewable electricity either via Complex Sites (Elexon P441) or direct from a large generator under a Power Purchase Agreement (PPA).

It is proposed that the council does not procure Renewable Energy Guarantees of Origin (REGO) certificates to apportion our power consumed to renewable electricity.

There is not the business case and it is considered a 'nice to have' in the current financial situation.

Market liquidity (the availability of raw gas and electricity within the wholesale market) beyond the front 2-3 years is limited, therefore, a rolling two to three year buying window is sufficient to enable LASER to effectively manage price risk on a continuous basis.

There are a number of procurement options within the LASER framework that will enable SCC to procure energy using the most effective buying option to suit each meter consumption profile. This will help smooth the risks associated with an extremely volatile energy market.

Approximately 50% of the electricity cost charged to the council comes from fixed and other non-raw energy related costs, which will continue to see significant changes over the coming years. By being part of a central purchasing body like LASER we can mitigate or reduce the risk of price increases, market volatility, and help to lessen the impact of the fixed pricing mechanisms more easily, leading to a lower delivered price.

Agenda Item 8

DECISION-MAKER:	CABINET COUNCIL
SUBJECT:	The HRA Budget 2024/25 and Capital Programme 2023/24 to 2028/29
DATE OF DECISION:	20 FEBRUARY 2024 21 FEBRUARY 2024
REPORT OF:	COUNCILLOR A FRAMPTON CABINET MEMBER FOR HOUSING

<u>CONTACT DETAILS</u>			
Executive Director	Title	Executive Director for Wellbeing & Housing	
	Name:	Claire Edgar	Tel: 023 80 833045
	E-mail:	Claire.edgar@Southampton.gov.uk	
Author:	Title	Finance Business Partner	
	Name:	Kevin Harlow	Tel: 023 80 833238
	E-mail:	Kevin.harlow@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

Appendix 6 (Capital Programme detail) is exempt from publication by virtue of category 3 of rule 10.4 of the Council's Access to Information Procedure Rules i.e. information relating to the financial or business affairs of any particular person. It is not in the public interest to disclose this information due to an ongoing commercial dispute which is subject to a protected alternative dispute resolution procedure. If the information was disclosed then the Council's financial position would be available to other parties to the dispute and prejudice the Council's ability to achieve best value

BRIEF SUMMARY

This report details the Housing Revenue Account (HRA) budget for 2024/25, capital programme 2023/24 to 2028/29 and 40 year business plan.

It provides detail to inform full Council in setting rents, service charges and landlord controlled heating charges for 2024/25. The report also sets out the HRA capital programme HRA for the period 2023/24 to 2028/29, and identifies how the 2024/25 HRA budget has been balanced.

The report contains the outcome of the formal consultation on proposals for rent and landlord controlled heating charges.

Following this consultation the report recommends a rent increase of 7.7% and to continue the previously agreed charges for the landlord controlled heating in order to bring the account back into balance.

The importance of the services provided by Southampton City Council to our tenants continues to be very evident. The council's HRA budget setting process therefore centres around the key objectives of being a good landlord and ensuring resources are directed towards agreed priorities.

Details of the HRA budget and HRA capital programme are set out in this report and in the following appendices:

Appendix 1 - HRA 40 year operating account

Appendix 2 – Heating charges 2024/25

Appendix 3 – HRA major repairs

Appendix 4 – HRA 2024/25 budget and 5 year projection

Confidential Appendix 5 – HRA capital programme 2023/24 to 2028/29

RECOMMENDATIONS:

Cabinet is recommended to:

	(i)	Propose to Council from 1 April 2024, an average rent increase will be applied to dwelling rents of 7.7% in line with the rent increase guidance set by Government, as detailed in paragraph 14, equivalent to an average increase of £7.15 per week in the current average weekly dwelling rent figure of £92.75 for Social rent, and £10.58 per week in the current average weekly rent for affordable rent of £151.16. Rents for Shared Ownership rents will also increase by 7.7%.
	(ii)	Propose to Council that there will be no increase in weekly service charges applied from 1 April 2024, as detailed in paragraph 21, pending further work on service charges in 2024/25.
	(iii)	Propose to Council the Housing Revenue Account revenue estimates as set out in Appendix 4.
	(iv)	Propose to Council the 40 year Business Plan for revenue and capital expenditure set out in Appendix 1 and confidential Appendix 5 respectively, that based on current assumptions are sustainable, maintaining a minimum HRA balance increasing from £2.0M in 2023/24 to £7.0M by 2027/28, following a review of policy undertaken in 2023/24 for future budgets to provide a sufficient and necessary buffer against financial risks.
	(v)	Propose to Council the increase in landlord controlled heating charges set out in paragraph 25, which represent a 5% increase (reduced from the 10% increase previously anticipated in the MTFS update in July 2023)
	(vi)	Propose to Council the revised Housing Revenue Account (HRA) capital programme, which totals £280.01M (as detailed in paragraph 60 & 61 and the associated use of resources.
	(vii)	Propose to Council the capital projections in the HRA Capital Programme for 2023/24 to 2028/29 as detailed from paragraph 60, and that spend between 2023/24 and 2027/28 has been increased following the decision of Cabinet on 6 February 2024 on the future delivery of Plots 2,9 and 10 Townhill Park, to deliver plots 2 and 9 through the Affordable Homes Framework, and adjusted for known slippages at Quarter 3.
	(viii)	Propose to Council an increase in the HRA working balance from the current £2m, to £7m by 2027/28.

COUNCIL

Council is recommended to:

	(i)	Following consultation (paragraphs 14 to 25) approve that, from 1 April 2024, an average rent increase will be applied to dwelling rents of 7.7% in line with Government guidance, as detailed in paragraph 14, equivalent to an average
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		increase of £7.15 per week in the current average weekly dwelling rent figure of £92.75 for Social rent, and £10.58 per week in the current average weekly rent for affordable rent of £151.16. Rents for Shared Ownership rents will also increase by 7.7%.
	(ii)	Approve that there is no increase in weekly service charges to be applied from 1 April 2024, pending further work as detailed in paragraph 21.
	(iii)	Approve the Housing Revenue Account revenue estimates as set out in Appendix xx.
	(iv)	Approve the 40 year business plan for revenue and capital expenditure set out in Appendix 1 and confidential appendix 5 respectively, that based on current assumptions are sustainable, maintaining a minimum HRA balance increasing from £2.0M agreed for 2023/24 to £7M from 2027/28 in every financial year in line with current policy.
	(v)	Approve the increase in landlord controlled heating charges as detailed in paragraph 25. which represent a 5% increase (reduced from the 10% increase previously anticipated in the MTFs update in July 2023).
	(vi)	Approve the revised Housing Revenue Account (HRA) Capital Programme, which totals £280.01M (as detailed in paragraph 60 & 61 and the associated use of resources.
	(vii)	Approve the capital projections in the HRA Capital Programme for 2023/24 to 2028/29 as detailed from paragraph 60, and that spend between 2023/24 and 2027/28 has been increased following the decision of Cabinet on 6 February 2024 on the future delivery of Plots 2,9 and 10 Townhill Park, to deliver plots 2 and 9 through the Affordable Homes Framework, and adjusted for known slippages at Quarter 3.
	(viii)	Approve an increase in the HRA working balance from the current £2m, to £7m by 2027/28.

REASONS FOR REPORT RECOMMENDATIONS

1. The Constitution requires the Executive to recommend its HRA budget proposals for the forthcoming year to Full Council. The recommendations contained in this report set out the various elements of the budget that need to be considered and addressed by the Cabinet in preparing the final papers that will be presented to Full Council.
The recommendations set out in this report help to ensure we are continuing to provide statutory services and improving the quality of life for residents, which maintaining a balanced 40 year business plan.
The 40 year business plan is also set out in the report which demonstrates a balanced position.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Alternative options for HRA revenue spending and assumptions form an integral part of the development of the overall HRA budget and capital programme that will be considered at the Council meeting on 21 February 2024.
3. This report sets out the HRA revenue budget for 2024/25 and the 40-year HRA business plan covering the period 2024/25 to 2063/64. The increases to rents, service charges and heating charges are an integral part of the revenue estimates for 2024/25. The alternative proposal would not be to increase rent or heating charges and this was rejected on the basis that business plan objectives, particularly for increasing standards of homes would not be met, and that the Council would continue with a deficit on the heating account, for which there is a legal duty to recover.

DETAIL (Including consultation carried out)	
4.	<p>The HRA is set in the context of a 40 year business plan and is subject to a comprehensive review as part of the budget process each year, and subsequently monitored over the course of the financial year. As the landlord account, the HRA is specifically ring fenced for income and expenditure associated with the provision and management of council owned homes in the city. This account funds a significant range of services to approximately 16,000 homes for Southampton tenants and their families and to over 2,000 homes for leaseholders. These services are those specific to housing, including but not limited to</p> <ul style="list-style-type: none"> • housing and estate management, • repairs, • improvements, • statutory compliance activity; • welfare advice, • support to address anti-social behaviour and • support for the victims of domestic abuse; • supported housing services for older people and those with extra care needs, and • capital spending on council properties.
5.	<p>The level of resources available to invest in the housing stock is dependent on overall income to the HRA. The key source of income is the rent received from tenants, which is utilised to pay for every-day services and to support borrowing costs associated with investment in the housing stock. The current approach to rent setting is set nationally and is in the context of rent reductions of 1% per annum between 2016/17 and 2019/20, and a rental freeze agreed by full Council for 2022/23, both of which have significantly reduced HRA resources over the course of the business plan.</p>
6.	<p>As part of the annual review of the HRA, both internal and external influences on the HRA are reviewed to assess the impact of those factors on housing services and determine the financial strategy for the HRA and the framework for the 40 year financial model.</p>
	<p><u>2023/24 Forecast Outturn</u></p>
7.	<p>The HRA year-end forecast position as at the end of December 2023 shows an overall favourable position, with an anticipated increase in working balance of £0.59M. However, this is in the context of pressures on the HRA, driven by a number of factors including:</p> <ul style="list-style-type: none"> • losses on rental income and increased empty property charges resulting from high levels of voids • Increase in borrowing costs due to increases in interest rates during 2023 • Increasing cost of disrepair claims arising from deteriorating stock condition • Non-achievement of anticipated saving in respect of housing management restructuring in 2023/24. • Pay inflation higher than assumed for 2023/24 <p>These pressures are being offset by</p> <ul style="list-style-type: none"> • A reduction in employer's pension contributions from 18.2% to 16.8% • Service charge income slightly favourable to business plan estimate • A reduction in expected revenue contributions to the capital programme in order to maintain a balanced position in year, albeit at the cost of slightly higher long term borrowing costs.
	<p><u>HRA Medium Term Financial Position</u></p>
8.	<p>This report sets out the HRA revenue budget for 2024/25 and the 40 year HRA business plan , covering the period 2024/25 to 2063/64. The current forecast on the HRA and</p>

proposed budget are summarised in the table below. More detail can be found in appendix 4.

HOUSING REVENUE ACCOUNT		
	Forecast 2023/24	Proposed budget 2024/25
Expenditure	£M	£M
Responsive & Repairs	15.72	18.05
Cyclical Maintenance	6.48	6.99
Rents Payable	0.48	0.45
Debt Management	0.09	0.09
Supervision & Management	26.42	29.76
Interest & Principal Repayments	6.46	6.46
Depreciation	21.50	22.35
Direct Revenue Financing of Capital	2.14	0.54
Gross Expenditure	79.29	84.69
Income		
Dwelling Rents	(74.94)	(80.29)
Other Rents	(1.20)	(1.21)
Service Charge Income	(2.52)	(2.53)
Leaseholder Service Charges	(1.05)	(1.05)
Interest Received	(0.08)	(0.11)
Total Income	(79.79)	(85.19)
Balances		
Working Balance B/Fwd	(2.00)	(2.50)
(Surplus)/deficit for year	(0.50)	(0.50)
Working Balance C/Fwd	(2.50)	(3.00)

9. The HRA business plan draws from and supports a number of council strategies, including the MediumTerm Financial Strategy, to ensure plans are affordable and budgets are aligned to the assumptions detailed in those strategies. The core HRA financial planning assumptions are:
- All HRA debt is sustainable on a yearly basis over the period of the plan since restrictions to HRA borrowing were lifted in 2018.
 - The capital spending plans must include increased provision to maintain and improve all existing dwellings and is based on a housing stock capital strategy that continues to be developed and enhanced.
 - Future development will be on the basis of a model of working with Registered Providers, utilising land disposals and future Right to Buy receipts to support stock replacement, replacing the existing acquisitions assumption. The first phase of this programme was approved by Cabinet in December 2022 in its report titled 'Delivery of Affordable Housing on Council Land through the Council Framework' and subsequently reflected as a policy change in the 2023/24 HRA budget report.. In addition, £7M is set aside for direct delivery for Plot 10 Townhill Park following the Cabinet decision on 6 February 2024 (Future delivery of Plots 2,9 and 10 Townhill Park)The minimum balance will be increased from the current working balance of £2.0M per year to a minimum balance of £7M, broadly equivalent to 5% of average

	capital programme investment and revenue expenditure, over the following three years, recognising the increased risk to the HRA of high inflation, and ensure sufficient and robust provision for unexpected pressures.
10.	The HRA business plan shows revenue balances that increase above minimum levels within the 40 year period. This has been mitigated to an extent by repayment of loans outstanding across the life of the Business Plan. The surpluses are subject to change annually and will reflect the annual review of stock investment needs, estimated unit income and expenditure, as well as the prevailing external economic factors of the time.
	<u>HRA Priorities</u>
11.	The overarching priority for the HRA is to 'Be a Good Landlord'. We will do this by providing safe and good quality homes; ensuring our residents have choice and protection and are able to hold us to account. Key priorities to achieving this objective include: <ul style="list-style-type: none"> • Improving the quality of our homes • Meeting the consumer standards as set out by the social housing regulator • Providing safe places to live, promoting social, environmental and economic wellbeing
	<u>External Factors</u>
	<u>Inflation:</u>
12.	The base rate of inflation used to drive expenditure assumptions in the HRA financial forecasts is generally the Consumer Price Index (CPI), and other measures such as the RICS (Royal Institution of Chartered Surveyors) Building Cost Information Service (BCIS) for building materials prices are also considered. The last 12 months has seen continuing high inflation with CPI inflation rates of 10.1% in January 2023, with a reduction through the year to 6.7% in September 2023. The HRA has been aligned to the council's MTFs assumptions on CPI. These are set out in Table 1 rates of: <ul style="list-style-type: none"> • 3.2% for 2024/25 • 2.1% for 2025/26 2% for 2026 onwards , with RPI assumed to be 1% higher than CPI for certain categories of expenditure.
	<u>Interest Rates:</u>
13.	The HRA receives a proportion of interest earned on cash balances invested by the council, notably on the HRA's working balances. The rate of interest assumed for 2023/24 was assumed to be in line with General Fund treasury returns, based on investments with minimal risk. The Bank of England base rate has increased from 4.25% in March 2023 to 5.25% as at December 2023. The actual average rate of interest earned on investments that benefited the HRA for 2022/23 was 2.9%. So far in 2023/24 the average rate earned on investments has increased and is expected to be 5.25% for the year. The business plan assumption for 2023/24 has assumed lower interest receivable at 3%, based on performance in 2022/23. Current base rate forecasts advised to the Council by Treasury Management advisors set an expectation that base rate will start to decrease in 2024, to 4.25%, and remain at this level until 2025 before falling back to 3.25%. As a result of this anticipated decrease in the base rate, the HRA retains the assumption that 3% can be earned on investments from April 2024 onwards. The interest rate assumptions are reflected in the Council's wider Treasury Management Strategy. In respect of existing HRA borrowing, the self-financing loan portfolio with the Public Works Loans Board of £166M at 1 April 2024 remains, peaking at £351M in 2033, with rates of between 1.12% and 4.94% for existing borrowing, and 5.5% assumed for borrowing undertaken in 2024/25.

	The HRA business plan assumes all borrowing is fully repaid by the financial year 2063/64. The profiling across the 40 year period has been optimised as part of the business planning process.
	<u>HRA Priorities</u>
	<u>Rent & Service Charge Increases</u>
14.	<p>Under current Government guidance the council can increase rent by a maximum of CPI plus 1 per cent based on the September CPI data; the September data release confirmed CPI at 6.7%, allowing a maximum increase of 7.7%.</p> <p>The council is also required to set charges for communal heating in certain properties. Following significant wholesale energy price increases in 2022/23, it is necessary to increase heating charges in order to bring cost under control in 2023/24. The proposal for rent and service charge increases is as follows:</p> <ul style="list-style-type: none"> • 7.7% increase in Rent for dwellings, garages and parking spaces • No increase in Service Charges pending further review in 2024/25 • No increase in Supported Accommodation Service Charges pending further review in 2024/25 • Heating charge increase of 6.5%
15.	It is proposed that rents are increased by CPI + 1% in 2024/25, in line with Central Government guidelines for HRA rents issued within the current rent standard. Rental policy beyond 2025/26 will be subject to a forthcoming government consultation, which was committed as part of the rent cap proposals during 2023. However, given the uncertainty of the outcome of any consultation, the business plan assumes increases in line with target CPI from 2025/26 and thereafter.
16.	The proposal to increase rent by CPI + 1% also extends to shared ownership properties, garages & parking spaces and supported housing properties.
	<u>Consultation Feedback</u>
17.	<p>Consultation feedback on increasing housing rents:</p> <ul style="list-style-type: none"> • 65% of respondents agreed with the proposal and 19% felt the proposal could have a positive impact on them, their family, their business or the wider community. • 21% of respondents disagreed with the proposal and 30% felt that the proposal could have a negative impact. • Of tenants of a council-owned home, 39% agreed with the proposal and 50% disagreed. 17% felt that the impact of the proposals could be positive, and 70% felt that the proposal could have a negative impact on them, their family, their business or the wider community. <p>Consultation feedback on increasing landlord controlled heating charges:</p> <ul style="list-style-type: none"> • 64% of respondents agreed with the proposal and 19% felt the proposal could have a positive impact on them, their family, their business or the wider community. • 21% of respondents disagreed with the proposal and 28% felt that the proposal could have a negative impact. • Of tenants or leaseholders of a council-owned property with landlord controlled heating, 14% agreed with the proposal and 76% disagreed. 12% felt that the impact of the proposals could be positive, and 82% felt that the proposal could have a negative impact on them, their family, their business or the wider community. <p>A full analysis of the public engagement exercise will be included with the council tax setting report.</p>
	<u>Rent Arrears</u>

18.	Rent arrears have continued to rise in the current financial year, 2023/24. Arrears have increased significantly since 2020/21, linked to the impact of Welfare Reform, the lasting impact of suspension of recovery action during COVID times and exacerbated by the impact of increasing cost of living during 2022/23 and 2023/24. The bad debt provision contribution was increased significantly in the 2023/24 business plan and there are currently no plans to reduce the contribution.																								
19.	As part of the Council's debt recovery action plan, measures have already been taken to reduce the arrears position, including additional direct debit days, increasing use of alternative payment arrangements and increasing the level of support to tenants., as at November 2023, current tenant arrears stood at £8.44M, and former tenant arrears at £3.4M.																								
20.	The Business Plan for 2024/25 continues to recognise the risk of increasing arrears and is trialling the use of specialist debt collection agency utilising their expertise on former tenant arrears recovery. This will support the work of the Customer Payments and Debt team, and correlates with the wider debt management project across the Council to improve debt recovery performance, and the impact of this approach will be reviewed during 2024/25.																								
	Service Charges																								
21.	Service charges are not proposed to increase in 2024/25, pending a review of the existing contribution basis currently in place and proposals to move towards a cost recovery model in future years. The benefit of this will be to build capacity in the HRA business plan to increase investment in decent homes projects. Future years service charges are assumed to increase at inflation pending further work around cost recovery (see para 40).																								
22.	The weekly charges remain static and those to be levied for next year are shown in Tables 2 and 3 below.																								
	<p><u>Table 2 – General Service Charges</u></p> <table border="1"> <thead> <tr> <th></th> <th>23/24</th> <th>24/25</th> </tr> </thead> <tbody> <tr> <td>Concierge monitoring</td> <td>£3.02</td> <td>£3.02</td> </tr> <tr> <td>Walk-Up Block Wardens</td> <td>£1.60</td> <td>£1.60</td> </tr> <tr> <td>Cleaning service in walk-up blocks</td> <td>£0.80</td> <td>£0.80</td> </tr> <tr> <td>Door Entry System</td> <td>£0.24</td> <td>£0.24</td> </tr> <tr> <td>Emergency Lighting Testing</td> <td>£0.29</td> <td>£0.29</td> </tr> <tr> <td>Garden/Ground Maintenance</td> <td>£0.24</td> <td>£0.24</td> </tr> <tr> <td>Tower Block Wardens</td> <td>£5.67</td> <td>£5.67</td> </tr> </tbody> </table>		23/24	24/25	Concierge monitoring	£3.02	£3.02	Walk-Up Block Wardens	£1.60	£1.60	Cleaning service in walk-up blocks	£0.80	£0.80	Door Entry System	£0.24	£0.24	Emergency Lighting Testing	£0.29	£0.29	Garden/Ground Maintenance	£0.24	£0.24	Tower Block Wardens	£5.67	£5.67
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23.	<p><u>Table 3 – Supported Accommodation</u></p> <table border="1"> <thead> <tr> <th></th> <th>23/24</th> <th>24/25</th> </tr> </thead> <tbody> <tr> <td>Community Alarm</td> <td>£1.42</td> <td>£1.42</td> </tr> <tr> <td>Support</td> <td>£3.01</td> <td>£3.01</td> </tr> <tr> <td>Management</td> <td>£5.59</td> <td>£5.59</td> </tr> </tbody> </table>		23/24	24/25	Community Alarm	£1.42	£1.42	Support	£3.01	£3.01	Management	£5.59	£5.59												
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	Careline Charges																								
24.	The Careline service is provided to both tenants within and outside of the HRA. The charges have not increased significantly for a number of years, and it is proposed that these charges remain static at :																								

	2023/24 Charge	2024/25 Charge
Monitoring (weekly)	£3.85	£3.85
Responding (weekly)	£5.50	£5.50
Installation (one-off)	£27.50	£27.50
Key safe (one-off)	£44.00	£44.00

Heating Charges

25. The landlord controlled heating (LCH) account was significantly adversely impacted by increasing energy costs during 2022/23, There was no decision made to increase LCH charges during 2022/23, with an increase of 100% applied from April 2022. The increase agreed was a compromise between cost recovery and minimising impact on tenants. As a result, a deficit of £3.7M was forecast as at the end of 2022/23. The final position on the account was calculated during completion of the statement of accounts in April 2023 at £3.5M.

Cabinet and Council agreed to the principle of recovering the deficit over a period of 5 years at its meeting in July 2023. At that time, the estimated increase was anticipated to be approximately 10% per annum based on forecasts received in June 2023.

Revised energy cost forecasts were received in October 2023 and these estimates will be used to calculate the percentage increase in charges required to feed into the budget consultation in November 2023. A comparison of the energy cost forecasts received between June and October 2023, for the period from November 2023 to October 2024 are outlined below:

	June 2023	Oct 2023
Electricity		
Best case	+ 6.8%	- 3%
Mid case	+ 7.8 %	- 3%
Worst case	+ 33.9%	- 3%
Gas		
Best case	-12.8%	- 9.6%
Mid case	-11.9%	- 9.6%
Worst case	+ 14.8%	- 9.6%

The estimates provided in October 2023 are more favourable than those provided in June and are more certain due to the advance purchase of energy now having taken place for the forecast period.

In calculating the impact on the LCH account, a number of assumptions are made as follows;

- 1) Inflation on energy costs has been assumed at 5% per annum from the second half of 2024/25 over the period of the forecast
- 2) Leaseholder contributions based on actual cost and 1 year in arrears
- 3) That the LCH account will contribute a sum to the HRA bad debt provision, recognising the risks associated with high charges and minimising the impact on tenants not in receipt of Landlord Controlled Heating

The impact of the revised forecasts is an anticipated reduction in the LCH balance from £3.6M to £3.0M as at 31 March 2024. In order to recover the deficit it will still be necessary to increase charges. In order to recover this deficit over the next 5 years, the required increase is 6.5% in 2024, and estimated at 5% per annum in 2025/26 and 2026/27, returning to an inflationary increase in 2027/28 based on the assumptions outlined above.

The revised charges are provided in the table 4 below.

Table 4 Landlord Heating Charges

Band	2023/24 Charge	2024/2025 Proposed Charge
A	1,106.96	1,178.91
B	1,329.06	1,415.45
C	1551.16	1,651.99
D	1773.26	1,888.52
E	1,995.36	2,125.06
F	2,232.76	2,377.89
G	2,473.56	2,634.34
H	2,717.76	2,894.41
J	384.46	409.45

This table (and Appendix 2) shows the proposed weekly and annual changes by band. The bands are set on the basis of floor space in square metres, ensuring smaller properties pay proportionately less than larger properties, and a specific band (J) for hostels. The proposed percentage increase is applied equally to each band.

This increase (and future annual increases in line with energy inflation) are designed to strike a balance between cost recovery and a fair increase in price for tenants.

Identified pressures built into the Business Plan:

26. **Increased cost of disrepair claims**
 The number of claims has increased significantly since 2020 and is expected to continue to increase in the short term to medium term. The current budget cover has been increased to £0.25M, based on a current caseload of approximately 200 claims and will continue to be monitored.
27. **Void and rent loss**
 The business plan model assumes void losses of 3%, equivalent to £2.5M, in 2024/25, reducing to 2.5% in 2027/28 based on current capital expenditure. In addition, council tax charges and empty properties are assumed at £0.45M per annum. This is an area of focus and measures are being taken to reduce voids, in order to both improve income collection and also bring homes back into circulation, as outlined at paragraph 35.

28.	<p><u>Cost of borrowing</u></p> <p>The HRA business plan assumes average interest rates of 5.5% in the short term, reducing to 4% in the medium to long term. This is a significant increase over and above the rates seen prior to 2022/23.</p>
29.	<p><u>Depot rent increase</u></p> <p>Rental charges for Nursling depot increased during 2023/24 by £0.04M per annum. This has been factored into the business plan model going forward. A historic backdated increase was accounted for in 2022/23.</p>
30.	<p><u>Disposal of waste</u></p> <p>Changes to regulations around the disposal of Persistent Organic Pollutants (POPs) is expected to increase disposal costs for items such as sofas. A pressure of £0.05M per annum is reflected in the business plan.</p>
31.	<p><u>Inadequate working balance</u></p> <p>The working balance was set historically at £2M. This is inadequate against the current level of annual expenditure and the current capital programme. The business plan assumes an increase to £3M in 2024/25, £4M in 2025/26 and £7M from 2026/27.</p>
32.	<p><u>Tenancy fraud additional resourcing</u></p> <p>Counter fraud measures are key to minimising losses due to fraud, particularly in relation to tenancy fraud and right to buy fraud. Additional counter fraud resources have been built in to the business plan model as part of the Housing Management restructure. Tenancy fraud is key to cost avoidance in the HRA. As at Q3 8 properties have been returned with a cost avoidance of £0.4M housing management associated in respect of tenancy fraud. In addition, a further £2.3m in respect of right to buy sales has also been prevented.</p>
33.	<p><u>Corporate Landlord – additional Building Safety Managers</u></p> <p>In recognition of increased landlord responsibilities under the Building Safety Act, two additional building safety managers have been budgeted within the 2024/25 HRA. Workloads and effectiveness to be reviewed during 2024/25. At a cost of £XX</p>
34.	<p><u>Additional regulatory cost</u></p> <p>On 7 September 2023, the Regulator of Social Housing (RSH) proposed to start charging councils with large social housing portfolios for the costs of regulation. For councils with more than 1,000 social housing units, the RSH proposed to start charging an annual fee of £7- £8 per unit. Councils with fewer than 1,000 units will continue not to be charged. The flat fee for smaller associations would increase from £300 to £600-£700 annually. The fee for housing associations with more than 1,000 units would increase from £5.40 to £9-£10 per unit. The increases will apply from 1 July 2024, and the cost to the HRA is estimated at £0.13M per annum.</p>
35.	<p><u>Housing Operations</u></p> <p>The housing operations budgets reflect immediate mitigations proposed to address voids, including reallocation of long standing vacant posts to increase logistics resource to manage additional workload, additional plasterers, roofers and gas fitters, alongside additional resource to address training needs. Overall budget for reactive and void repairs within the HRA revenue account now stands at £17.35M (an increase of £2.23M from 2022/23) and capital budget for major repairs within the capital programme is now £2M per year for the next 5 years (an increase of £1.2M per annum).</p>
36.	<p><u>Inflationary pressures</u></p> <p>A cost of living pay award assumption of 3% has been built in to the HRA business plan model, and wider inflationary pressure has been built in line with the assumptions outlined in this report.</p>
	<p><u>Savings proposals</u></p>

37.	All expenditure within the HRA is currently subject to ongoing review under cost control criteria. This approach will continue into 2024/25. Savings proposals for 2024/25 include:
38.	<u>A restructuring to Housing Management</u> This is currently being implemented, which will provide a more streamlined staffing structure. This will produce an estimated saving of £0.23M from 2024/25.
39.	<u>Ensuring cost neutrality on the provision of food within supported housing complexes.</u> The contract with City Catering will be terminated in 2023/24. This was running at a net loss of £158k in 2022/23. Alternative options for the provision of catering are currently being mobilised within the boundaries of cost neutrality.
	<u>Improvement Projects</u>
40.	<u>Trialling the use of debt collection agency resources to recover former tenant arrears.</u> The performance of this trial will be reviewed in 2024/25, and aligns to a wider review of debt recovery across the Council.
41.	<u>Service Charge Review</u> A project to review of service charges to move from a contribution model to a cost recovery model is planned in 2024/25, with a view to implementation from 2025/26.
42.	<u>Technical calculations have been reviewed to ensure they are reasonable in the context of the current business plan.</u> The depreciation calculation methodology has been reviewed to ensure it remains reasonable in the context of the overall HRA budget, and internal overheads between the HRA and General Fund have been reviewed for reasonableness.
43.	Following a review of the delivery of plots 2,9 and 10 Townhill Park, Cabinet, on 6 February 2024, have recommended to Council to transfer plots 2 and 9 into the Affordable Homes Framework. Plots 2 and 9 were not cost neutral to the HRA. This decision has reduced future revenue pressure on the HRA through reduced borrowing costs, and allowed scope to increase in investment into Decent Homes projects in the Capital Programme.
44.	<u>Housing Operations and Voids</u> Housing operations teams have been reprioritised to focus on void work with a view to containing and reducing the number of outstanding void properties. A more fundamental change to working practise is required and allowance has been made in the capital programme for increased focus on void repairs, following reprofiling of fire safety spend to prioritise void repair. The impact of this will be monitored in 2024/25 and future business plan assumptions updated in line with improvements identified. The benefit of this reprioritisation will be to reduce void levels by 300 properties in 2024/25, and a further 50 in 2025/26, with consequent improvement in income from 2025/26 and beyond.
	<u>HRA Balances</u>
45.	The HRA business plan enables a longer-term repayment of debt to take place. Despite recent cost pressures, and the removal of the debt cap leading to ongoing regeneration and new build borrowing, debt repayments take place during the life of the business plan, with model assuming repayment of all debt within the 40 year plan. This ensures the level of debt forecast in 40 years is prudent.
46.	A significant risk to the long-term plan is the risk that the capital investment requirements significantly increase over time. The impact of this could have a significant adverse impact on HRA balances as property costs would begin to exceed rental income. This risk is more significant because of the rent freeze in 2022/23 and proposed rent caps in 2023/24. This

	is exasperated by materials costs inflation and repair demand as the stock ages therefore, the forecast financial position is subject to annual review based on the prevailing economic factors and will also reflect the annual review of stock investment needs and estimated unit rates.																																																																																								
47.	The other significant risk is changes in central government rental policy in the future. The current guidance extends as far as 2024/25. The business plan model assumes a CPI+1% increase in 2025/26 and rent increases equivalent to CPI from 2026/27 onwards pending the outcome of future consultation on rent increases.																																																																																								
48.	It is necessary to regularly undertake sensitivity analysis to assess the impact of external influences such as building inflation and changes to CPI on the business plan so that the overall budget position can be maintained to support investment in services and properties to meet the expectations of tenants and our regulatory requirements. A 1% increase in inflation has a £20m adverse impact across the 40 year term of the business plan if rent cannot also be increased by an equivalent amount.																																																																																								
49.	The HRA minimum balance since 2017 has been maintained at £2.0M per year. However, in recognition of the level of risk associated with the rent cap and continuing high inflation, it is proposed that the minimum balance is increased to £3M from April 2024/ The current closing working balance in 2023/24 is estimated at £2.59M and it is recommended a more fundamental review of working balance is undertaken in 2024/25.																																																																																								
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50.	The capital programme has been subject to a review of each line, taking into account legal and statutory requirements in relation to all of our compliance activity and the principles of the Housing Asset Management Strategy. Consideration has also been given to ensuring budget lines are realistic, affordable and achievable and take into account expected slippages from the 2022/23 financial year where appropriate.																																																																																								
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51.	Table X in paragraph 60 provides a summary of the latest capital expenditure for the period 2023/24 to 2028/29 compared to the previously reported programme.																																																																																								
52.	<p><u>Headline Capital Programme Summary</u></p> <p>The following table outlines the headline category of budgeted spend between 2023/24 and the five years to 2028/29:</p> <table border="1"> <thead> <tr> <th></th> <th>2023/24</th> <th>2024/25</th> <th>2025/26</th> <th>2026/27</th> <th>2027/28</th> <th>2028/29</th> <th>Total</th> </tr> <tr> <th></th> <th>Forecast</th> <th>Budget</th> <th>Budget</th> <th>Budget</th> <th>Budget</th> <th>Budget</th> <th>Total</th> </tr> <tr> <th></th> <th>£M</th> <th>£M</th> <th>£M</th> <th>£M</th> <th>£M</th> <th>£M</th> <th>£M</th> </tr> </thead> <tbody> <tr> <td>Improving Quality of Homes</td> <td>10.89</td> <td>13.23</td> <td>14.93</td> <td>12.33</td> <td>12.40</td> <td>12.40</td> <td>76.17</td> </tr> <tr> <td>Improving Energy Efficiency</td> <td>5.93</td> <td>19.19</td> <td>19.80</td> <td>8.17</td> <td>9.40</td> <td>9.40</td> <td>71.90</td> </tr> <tr> <td>Improving Safety of Homes</td> <td>13.98</td> <td>15.51</td> <td>12.67</td> <td>9.09</td> <td>8.80</td> <td>7.80</td> <td>67.85</td> </tr> <tr> <td>Regeneration</td> <td>3.88</td> <td>3.60</td> <td>6.24</td> <td>3.57</td> <td>-</td> <td>-</td> <td>17.29</td> </tr> <tr> <td>Supporting Communities</td> <td>3.91</td> <td>1.82</td> <td>1.67</td> <td>1.57</td> <td>1.57</td> <td>1.57</td> <td>12.11</td> </tr> <tr> <td>Supporting Independent Living</td> <td>3.38</td> <td>5.38</td> <td>3.84</td> <td>3.00</td> <td>3.00</td> <td>3.00</td> <td>21.60</td> </tr> <tr> <td>Inflation allowance</td> <td></td> <td></td> <td>2.01</td> <td>2.56</td> <td>3.75</td> <td>4.78</td> <td>13.09</td> </tr> <tr> <td></td> <td>41.98</td> <td>58.73</td> <td>61.16</td> <td>40.30</td> <td>38.91</td> <td>38.94</td> <td>280.01</td> </tr> </tbody> </table>		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total		Forecast	Budget	Budget	Budget	Budget	Budget	Total		£M	£M	£M	£M	£M	£M	£M	Improving Quality of Homes	10.89	13.23	14.93	12.33	12.40	12.40	76.17	Improving Energy Efficiency	5.93	19.19	19.80	8.17	9.40	9.40	71.90	Improving Safety of Homes	13.98	15.51	12.67	9.09	8.80	7.80	67.85	Regeneration	3.88	3.60	6.24	3.57	-	-	17.29	Supporting Communities	3.91	1.82	1.67	1.57	1.57	1.57	12.11	Supporting Independent Living	3.38	5.38	3.84	3.00	3.00	3.00	21.60	Inflation allowance			2.01	2.56	3.75	4.78	13.09		41.98	58.73	61.16	40.30	38.91	38.94	280.01
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53.	<p><u>Capital Programme Financing</u></p> <p>The following table outlines how the capital programme from 2023/24 through to 2028/29 will be financed:</p>																																																																																								

	Financed by:	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
		£M	£M	£M	£M	£M	£M	£M
	Use of Capital Receipts (including RTB)	1.95	3.93	2.17	2.25	2.63	1.89	14.81
	Major repairs reserve	21.49	22.35	22.84	23.40	23.79	24.20	138.08
	DRF Contribution	1.29	0.54	0.16	0.45	0.55	0.93	3.92
	Grants (HNES, Canberra, LAHF1)	2.28	1.85	0.00	1.40	0.00	0.00	5.53
	Borrowing	14.97	30.05	35.99	12.80	11.94	11.92	117.67
		41.98	58.73	61.16	40.30	38.91	38.94	280.01
54.	<p>The Council agreed a Housing Asset Management Strategy in March 2022. The strategy has been created to ensure that robust, long term strategic capital investment plans are produced whilst ensuring that the requirements of the housing stock are affordable within the context of the HRA Business Plan. The production of a 5 year capital plan is set in the context of the strategy's objective to undertake as much work as possible in a pre-planned way to reduce future reactive repair costs.</p>							
55.	<p>The number of properties that meet the decent homes standard has moved adversely from 61% in 2018 to 46% in 2023. This is due to historic and current under investment in homes, partly because of budget constraints following rent reductions from 2016 to 2020, and partly due to insufficient capacity to deliver. The Housing Asset Management Strategy in 2022 stated that £175M was needed over a period of 5 years, and the rate of underinvestment is an average of £15M per year over the last 5 years.</p> <p>The key priority for the capital programme has therefore been to seek to increase the resources required to address this issue. Plans are being progressed to set up a planned delivery works contract from April 2024 to support the work of the in-house team and speed up delivery of the capital programme. Combined with the investment in housing operations for voids, the benefits would seek to:</p> <ul style="list-style-type: none"> • Stabilise disrepair claims during 2024/25, and reduce the total claim value by 30% in 2025/26; • Increase repairs completed on time and first callout from 41% currently to 80% by end of 2024/25, and up to 90% in 2025/26; • To stabilise the number of complaints in 2024/25, and reduce complaints by 25% in 2025/26; • To reduce waiting times for repairs in 2024/25 from 32 days to 25 days and further to 20 days in 2026/27; • reduction in backlog of repairs from 5,000 currently to 4,000 in 2024/25 and 3,000 by 2025/26 (which represents the normal buffer for optimal working); • Reduced calls and repeat calls through the customer service centre and • Reduction in average repair cost. 							
56.	<p>Energy Performance</p> <p>Work is continuing on improving the energy efficiency of the housing stock, working towards the government's target of all social housing achieving an Energy Performance Certificate (EPC) rating of C by 2030 for fuel poor homes, and 2035 for the remainder (where reasonably practicable to do so). As at December 2023 (December 2022 in brackets), 5,360 (5,166) properties are rated 'C' or above, 4,971 (4,251) properties are rated as D, and 2,428 (3,195) at E or below.</p> <p>The Asset Management Team continues to complete EPC surveys to improve the accuracy of the energy performance data held. The EPC surveys have shown that the energy performance of the property estate is better than previously reported. Currently, 12,759</p>							

	<p>properties have an EPC certificate held on the Government's central register; this equates to 68% of properties within the housing stock.</p> <p>The Authority continues to seek external funding to support energy efficiency works. SCC has been successful in gaining grant funding via the Green Homes Grant Local Authority Delivery Scheme (Phase 2 Energy Project), replacing existing Night Storage Heaters with significantly more efficient High Retention Storage Heaters, and has secured funding towards energy efficiency works at Canberra Towers.</p>														
57.	<p>Stock Condition – Damp & Mould</p> <p>The council continues to review its processes around damp & mould, including the scope of any future investment needs as part of a more proactive approach to reducing damp. Outputs of ongoing review will need to be factored into quarterly capital monitoring reviews and the budget setting process for 2025/26..</p>														
	New Build														
58.	<p><u>Affordable Homes Framework</u></p> <p>Approval was given at Cabinet on 14 March 2022 to establish a framework of affordable housing providers to deliver affordable housing throughout the city utilising council owned land. A framework is now in place with a number of providers appointed. Several plots of council owned land have been identified as being suitable for the development of affordable housing using the framework partners. Approval was given for the first tranche of sites to be transferred using the framework by Cabinet on 20 December 2022 and the HRA business plan takes account of this decision.</p>														
59.	<p><u>Townhill Park</u></p> <p>Cabinet have reviewed the delivery of plots 2, 9 and 10 and, at its meeting on 7 February 2024 have recommended to Council that plots 2 and 9 will move to the Affordable Homes Framework. This has been reflected in the revised capital programme with a retention of £7M for plot 10 delivery across 2025/26 and 2026/27, and a subsequent increase in decent Homes capital expenditure from 2025/26. In summary, additional spend has been prioritised as per table X :</p> <p>Table X Decent homes capital expenditure</p> <table border="1"> <thead> <tr> <th>Decent homes spend category</th> <th>Additional resource</th> </tr> </thead> <tbody> <tr> <td>Roofs</td> <td>£1.3M</td> </tr> <tr> <td>Bathrooms</td> <td>£1M</td> </tr> <tr> <td>Kitchens</td> <td>£1M</td> </tr> <tr> <td>Electrical space heating</td> <td>£0.5M</td> </tr> <tr> <td>Doors & windows</td> <td>£1M</td> </tr> <tr> <td>Major repairs</td> <td>£1.8M</td> </tr> </tbody> </table>	Decent homes spend category	Additional resource	Roofs	£1.3M	Bathrooms	£1M	Kitchens	£1M	Electrical space heating	£0.5M	Doors & windows	£1M	Major repairs	£1.8M
Decent homes spend category	Additional resource														
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Major repairs	£1.8M														
	MAJOR PROGRAMME CHANGES														
60.	<p><u>Improving the Quality of Homes</u></p> <p>This category focuses on the major replacement, asset refurbishment and modernisation of the assets through component investment within properties. This includes communal areas as well as within occupied homes. The impact of investment will be reflected in key Performance Indicators (KPIs) for example the council's ability to reduce void turnaround times and reduce the average cost of reactive repairs.</p> <p>Key changes for 2024/25 include:</p> <p>an additional £3.99M on quality of homes projects, including an increase to the Major Reactive Repairs line of £1M, investment in telemeter electrical upgrades of £1.1M, and</p>														

	<p>£0.8M for heating upgrades at Holyrood house, alongside minor increases in roofing, kitchens and bathrooms replacements budgets. For 2025/26, the telemeter project is assumed to complete, and increased investment in kitchens (£1.1M), bathrooms (£1.1M), roofing (£1.2M) and major reactive repairs (£2.8M) have been built in, with an overall increase in the 2025/26 budget of £4.8M. This level of expenditure is then assumed to continue from 2026/27 into 2028/29.</p>
61.	<p>Making Homes Energy Efficient</p> <p>This category groups spend that improves the thermal efficiency of assets and introduces efficient heating appliances into homes. These measures help tackle social issues such as fuel poverty and targets the provision of a comfortable home, as well as contributing to zero carbon ambitions and meeting central Government target for all social housing to reach EPC 'C' by 2030. review of the capital programme identified a total investment need of £84.8M between 2023/24 and 2026/27 including energy efficiency works on specific tower blocks, full insulation programme, replacement of gas and electric heating systems. Energy efficiency works for Millbank Towers and Redbridge Towers are currently assumed to take place after 2027/28, and other programmes of works have been profiled according to the capacity of the organisation to deliver works. The key changes to energy efficiency budgets are a reprofiling of spend between 2024/25 and 2025/26 for Canberra Towers energy efficiency work, and an increase in annual budget for window replacements of £1.1M and insulation of £0.2M from 2025/26.</p>
62.	<p>Making Homes Safe</p> <p>This category focuses on expenditure relating to the safety of the assets themselves including fire safety, structural works, asbestos removal, and investment related to statutory building compliance. The impact of such investment would be reflected in the council's ability to robustly deliver its related statutory obligations.. Key changes to this aspect of the capital programme include:</p> <ul style="list-style-type: none"> • reprofiling of spend from 2023/24 to 2024/25; funding bid for £0.6M for cladding work; deletion of fire alarm upgrade budgets where detection systems are now installed in circulation areas forming part of escape routes. • new budgets to support projects for asbestos removal in walkway ceilings (£1.2M), • compartmentation work at Castle House (£0.75M) • Cladding assessments (£0.6M) and contingency for reactive fire safety works (£0.4M). • Budgets for sprinklers and fire door replacements have been reprofiled across future years to allow an increase in void repairs capital in the short term.
63.	<p>Supporting Communities</p> <p>Investment is proposed in the neighbourhoods of existing council estates and encouraging engagement with local communities to develop positive outcomes within the locality. Investment proposed for 2024/25 includes £0.15M for CCTV replacements, £0.17M for HRA shops and £0.1M for tower block end of life planning.</p>
64.	<p>Supporting Independent Living</p> <p>This investment addresses the accessibility of homes to support people living independently through the delivery of adaptations or the investment facilities within the Supported housing element of the housing portfolio. The impact of such investment is demonstrated by KPIs reporting how long disabled tenants must wait for adaptations to their homes, which should demonstrate an improvement in waiting times as a result of capital investment.. The key change to the budgets is an additional £0.2M in 2024/25 for telecare upgrades in preparation for full digitisation of the service in 2025/26.</p>
65.	<p>Estate Regeneration/New Build</p>

	The capital budget for estate regeneration provides for the direct delivery of new build council houses. This has been reprofiled according to estimated timelines for new build for plot 10 based on an estimated build cost of £7M with assumed construction period between 2025/26 and 2026/27. This estimate will need to be refined as work progresses. Further work will take place and be reported back to the New Homes Board during Q1 and Q2 of 2024/25.
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RESOURCE IMPLICATIONS

Capital/Revenue

66. The capital and revenue implications are fully detailed within the report.

Property/Other

67. Any property implications in respect of the HRA capital programme are fully detailed in the body of the report. The property team is resourced to deliver on existing commitments and procurement for contractor support to ensure delivery of the capital programme is ongoing.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

68. Unless otherwise stated the proposals within this report are authorised by virtue of S.1 Localism Act 2011 or the relevant statutory power relating to the function referred to within the budget proposal. The proposals within this report relating to Housing Service Charges are subject to additional legal considerations set out below.

69. In relation to the Housing Revenue Account Service Charges, the Council can make a charge for services it provides to council tenants in addition to a charge for rent pursuant to the Housing Act 1985 and also in compliance with paragraph 2 of the Council's standard tenancy agreement. The Council is permitted to introduce new charges and vary existing charges so long as it follows the procedure set out in the Housing Act 1985 and complies with the Rent Standard and Guidance produced by Homes England. In particular any service charges must be reasonable and transparent and are limited to covering the actual cost for providing the services.

RISK MANAGEMENT IMPLICATIONS

70. The council maintains a financial risk register which details the key financial risks that face the council at a given point in time. This is updated on a quarterly basis and forms part of the Financial Monitoring Report included elsewhere on this agenda.

71. Details of the risk assessment of the wider budget, which includes the HRA, will be given with the Chief Financial Officer's statement on the robustness of the budget estimates when the wider MTFs is presented. The key risks to the business plan include increased borrowing costs, inflation on certain categories of expenditure exceeding headline CPI figures, and the continuing impact on repair costs of historic underinvestment. In recognising this risk, the working balance has been proposed at a higher level in the recommendations to this report.

POLICY FRAMEWORK IMPLICATIONS

72. The HRA Budget is a key part of the Policy Framework of the Council and an HRA budget and rents for 2024/25 must be proposed by the Cabinet for consideration by the full Council under the Constitution. The update of the HRA Capital Programme forms part of the overall Budget Strategy of the Council.

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED	All

SUPPORTING DOCUMENTATION

Appendices

1.	HRA 40 Year Business Plan – Operating Account
2.	HRA heating charges
3.	HRA 40 Year Business Plan – Major Repairs and Improvement Plan
4.	HRA Revenue Budget and 5 year projection
5.	HRA Capital Scheme Details
6.	HRA Capital Programme - Confidential

Documents In Members’ Rooms

1.	None.
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

	Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	MTFS Update November 2023	
2.	MTFS Update October 2023	
3.	‘Delivery of Affordable Housing on Council Land through the Council Framework’ (Cabinet 22 December 2022)	
4.	Future delivery of Plots 2,9 and 10 Townhill Park (Cabinet 6 th February 2024)	

Southampton CC
HRA Business Plan
Operating Account
(expressed in money terms)

		Income					
Year	Year	Net rent Income £,000	Other income £,000	Misc Income £,000	Total Income £,000	Managt. £,000	Depreciation £,000
1	2024.25	80,293	4,788	105	85,187	(28,757)	(22,354)
2	2025.26	83,095	4,961	225	88,280	(28,893)	(22,844)
3	2026.27	86,026	5,144	240	91,410	(29,388)	(23,402)
4	2027.28	88,732	5,299	239	94,269	(29,682)	(23,795)
5	2028.29	91,102	5,458	243	96,802	(29,979)	(24,194)
6	2029.30	92,628	5,621	246	98,495	(30,279)	(24,599)
7	2030.31	94,179	5,790	102	100,071	(30,582)	(25,012)
8	2031.32	95,755	5,964	101	101,820	(30,888)	(25,430)
9	2032.33	97,356	6,143	101	103,599	(31,197)	(25,856)
10	2033.34	98,983	6,327	100	105,409	(31,509)	(26,288)
11	2034.35	100,611	6,517	99	107,227	(31,825)	(26,727)
12	2035.36	102,239	6,712	99	109,050	(32,143)	(27,165)
13	2036.37	103,892	6,914	98	110,903	(32,465)	(27,609)
14	2037.38	105,570	7,121	97	112,788	(32,790)	(28,060)
15	2038.39	107,274	7,335	97	114,705	(33,118)	(28,519)
16	2039.40	109,004	7,555	96	116,654	(33,449)	(28,984)
17	2040.41	110,760	7,781	95	118,636	(33,784)	(29,457)
18	2041.42	112,542	8,015	94	120,651	(34,122)	(29,936)
19	2042.43	114,352	8,255	94	122,701	(34,464)	(30,424)
20	2043.44	116,189	8,503	93	124,785	(34,809)	(30,919)
21	2044.45	118,054	8,758	93	126,904	(35,157)	(31,421)
22	2045.46	119,947	9,021	92	129,059	(35,509)	(31,931)
23	2046.47	121,868	9,291	91	131,250	(35,864)	(32,449)
24	2047.48	123,818	9,570	91	133,479	(36,223)	(32,975)
25	2048.49	125,798	9,857	90	135,745	(36,586)	(33,509)
26	2049.50	127,807	10,153	89	138,049	(36,952)	(34,051)
27	2050.51	129,846	10,457	89	140,392	(37,322)	(34,602)
28	2051.52	131,916	10,771	88	142,775	(37,695)	(35,160)
29	2052.53	134,016	11,094	87	145,198	(38,072)	(35,728)
30	2053.54	136,148	11,427	87	147,662	(38,454)	(36,304)
31	2054.55	138,312	11,770	86	150,168	(38,838)	(36,888)
32	2055.56	140,507	12,123	86	152,716	(39,227)	(37,482)
33	2056.57	142,735	12,487	85	155,307	(39,620)	(38,085)
34	2057.58	144,996	12,861	84	157,942	(40,016)	(38,696)

35	2058.59	147,290	13,247	84	160,621	(40,417)	(39,317)
36	2059.60	149,618	13,644	83	163,346	(40,822)	(39,947)
37	2060.61	151,981	14,054	83	166,117	(41,230)	(40,587)
38	2061.62	154,377	14,475	82	168,935	(41,643)	(41,237)
39	2062.63	156,809	14,910	82	171,801	(42,060)	(41,896)
40	2063.64	159,277	15,357	81	174,715	(42,481)	(42,565)

Expenditure

Responsive & Cyclical £,000	Other Revenue spend £,000	Misc expenses £,000	Total expenses £,000	Capital Charges £,000	Net Operating (Expenditure) £,000
(25,045)	(1,000)	(450)	(77,606)	(6,543)	1,038
(25,749)	(1,036)	(462)	(78,984)	(8,145)	1,152
(26,306)	(1,064)	(474)	(80,634)	(9,326)	1,450
(26,689)	(1,085)	(484)	(81,735)	(9,920)	2,614
(27,077)	(1,107)	(493)	(82,851)	(10,446)	3,506
(27,472)	(1,129)	(503)	(83,983)	(10,879)	3,634
(27,871)	(1,152)	(513)	(85,130)	(11,375)	3,566
(28,277)	(1,175)	(524)	(86,294)	(11,883)	3,642
(28,689)	(1,198)	(534)	(87,474)	(12,403)	3,722
(29,033)	(1,222)	(545)	(88,597)	(12,630)	4,182
(29,380)	(1,247)	(556)	(89,735)	(12,462)	5,030
(29,732)	(1,272)	(567)	(90,879)	(12,296)	5,875
(30,089)	(1,297)	(578)	(92,038)	(12,139)	6,727
(30,449)	(1,323)	(590)	(93,212)	(11,991)	7,585
(30,814)	(1,349)	(601)	(94,402)	(11,610)	8,693
(31,183)	(1,376)	(613)	(95,607)	(11,345)	9,702
(31,557)	(1,404)	(626)	(96,827)	(11,086)	10,723
(31,935)	(1,432)	(638)	(98,064)	(10,827)	11,761
(32,318)	(1,461)	(651)	(99,317)	(10,517)	12,867
(32,705)	(1,490)	(664)	(100,586)	(10,124)	14,075
(33,097)	(1,520)	(677)	(101,872)	(9,563)	15,469
(33,494)	(1,550)	(691)	(103,174)	(9,126)	16,759
(33,895)	(1,581)	(705)	(104,494)	(8,593)	18,163
(34,302)	(1,613)	(719)	(105,831)	(8,256)	19,392
(34,713)	(1,645)	(733)	(107,185)	(7,683)	20,877
(35,129)	(1,678)	(748)	(108,557)	(7,337)	22,155
(35,550)	(1,711)	(763)	(109,947)	(6,972)	23,473
(35,976)	(1,746)	(778)	(111,355)	(7,197)	24,223
(36,407)	(1,780)	(793)	(112,781)	(7,073)	25,344
(36,843)	(1,816)	(809)	(114,226)	(6,563)	26,874
(37,285)	(1,852)	(826)	(115,690)	(6,163)	28,315
(37,732)	(1,889)	(842)	(117,172)	(6,023)	29,521
(38,184)	(1,927)	(859)	(118,675)	(6,231)	30,401
(38,642)	(1,966)	(876)	(120,196)	(6,166)	31,580

(39,105)	(2,005)	(894)	(121,738)	(5,785)	33,098
(39,574)	(2,045)	(911)	(123,299)	(5,483)	34,564
(40,048)	(2,086)	(930)	(124,881)	(4,428)	36,808
(40,528)	(2,128)	(948)	(126,484)	(3,392)	39,059
(41,014)	(2,170)	(967)	(128,107)	(2,702)	40,991
(41,506)	(2,214)	(987)	(129,752)	(1,051)	43,912

Repayment of loans £,000	Transfer to MRR £,000	Transfer from / (to) Revenue Reserve £,000	RCCO £,000	Surplus (Deficit) for the Year £,000	Surplus (Deficit) b/fwd £,000
(0)	0	0	(538)	500	2,500
(0)	0	0	(151)	1,001	3,000
0	0	0	(450)	999	4,001
(16)	0	0	(552)	2,046	5,000
(1,314)	0	0	(932)	1,259	7,046
(4,854)	0	0	(27)	(1,247)	8,306
0	0	0	0	3,566	7,059
(6,313)	0	0	0	(2,670)	10,624
(1,092)	0	0	0	2,629	7,954
(6,540)	0	0	0	(2,357)	10,583
(5,502)	0	0	0	(473)	8,226
(5,227)	0	0	0	648	7,753
(4,733)	0	0	0	1,993	8,401
(7,203)	0	0	0	382	10,394
(10,118)	0	0	0	(1,425)	10,776
(4,733)	0	0	0	4,969	9,352
(10,648)	0	0	0	75	14,320
(3,993)	0	0	(535)	7,233	14,395
(13,489)	0	0	(1,614)	(2,236)	21,629
(10,723)	0	0	(1,600)	1,752	19,392
(7,369)	0	0	(2,078)	6,022	21,145
(12,044)	0	0	(2,578)	2,137	27,167
(8,321)	0	0	(3,101)	6,742	29,304
(10,328)	0	0	(3,646)	5,418	36,046
(16,509)	0	0	(7,220)	(2,853)	41,463
0	0	0	(7,905)	14,250	38,611
(3,032)	0	0	(8,619)	11,823	52,861
(1,743)	0	0	(9,362)	13,119	64,683
(4,302)	0	0	(10,135)	10,907	77,802
(18,099)	0	0	(15,714)	(6,939)	88,709
(2,602)	0	0	(16,695)	9,018	81,769
(2,670)	0	0	(17,714)	9,137	90,788
0	0	0	(18,773)	11,628	99,924
(12,415)	0	0	(19,873)	(707)	111,553

(8,500)	0	0	(16,864)	7,734	110,845
(13,440)	0	0	(17,925)	3,199	118,579
(33,178)	0	0	(19,027)	(15,397)	121,778
(24,915)	0	0	(20,172)	(6,027)	106,381
(16,000)	0	0	(21,361)	3,631	100,353
(71,000)	0	0	(21,045)	(48,133)	103,984

		DO NOT DELETE	
Interest	Surplus	Working	Cashflow
£,000	(Deficit)	Balance	Balance
	c/fwd	check	check
£,000	£,000		
0	3,000	0	0
0	4,001	0	0
0	5,000	0	0
0	7,046	0	0
0	8,306	0	0
0	7,059	0	0
0	10,624	0	0
0	7,954	0	0
0	10,583	0	0
0	8,226	0	0
0	7,753	0	0
0	8,401	0	0
0	10,394	0	0
0	10,776	0	0
0	9,352	0	0
0	14,320	0	0
0	14,395	0	0
0	21,629	0	0
0	19,392	0	0
0	21,145	0	0
0	27,167	0	0
0	29,304	0	0
0	36,046	0	0
0	41,463	0	0
0	38,611	0	0
0	52,861	0	0
0	64,683	0	0
0	77,802	0	0
0	88,709	0	0
0	81,769	0	0
0	90,788	0	0
0	99,924	0	0
0	111,553	0	0
0	110,845	0	0

0	118,579
0	121,778
0	106,381
0	100,353
0	103,984
0	55,850

0	0
0	0
0	0
0	0
0	0
0	0

Effect of charge increase on area bands

Weekly Charge	Property Band by Floor area	No of properties	2023/24 Weekly charge (£)	2024/25 Weekly Charge (£)	Increase £
	Band A <40 m ²	1,683	21.29	22.67	1.38
	Band B <50 m ²	2,196	25.56	27.22	1.66
	Band C <60 m ²	288	29.83	31.77	1.94
	Band D <70 m ²	631	34.10	36.32	2.22
	Band E <80 m ²	643	38.37	40.87	2.49
	Band F <90 m ²	201	42.94	45.73	2.79
	Band G <100 m ²	8	47.57	50.66	3.09
	Band H <110 m ²	11	52.26	55.66	3.40
	Band J <20 m ²	3	7.39	7.87	0.48
	Weighted average		27.60	29.40	1.79

Annual Charge	Property Band by Floor area	No of properties	2023/24 Annual Charge (£)	2024/25 Annual Charge (£)	Increase £
	Band A <40 m ²	1,705	1,106.96	1,178.91	71.95
	Band B <50 m ²	2,160	1,329.06	1,415.45	86.39
	Band C <60 m ²	213	1,551.16	1,651.99	100.83
	Band D <70 m ²	570	1,773.26	1,888.52	115.26
	Band E <80 m ²	570	1,995.36	2,125.06	129.70
	Band F <90 m ²	201	2,232.76	2,377.89	145.13
	Band G <100 m ²	8	2,473.56	2,634.34	160.78
	Band H <110 m ²	13	2,717.76	2,894.41	176.65
	Band J <20 m ²	3	384.46	409.45	24.99
	Weighted average		1,435.37	1,528.67	93.30

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Southampton CC
HRA Business Plan
Major Repairs and Improvements Financing
(expressed in money terms)

		Expenditure			
Year	Year	Major Works & Improvements £,000	0 £,000	Leaseholder Works £,000	New Build Development Costs £,000
1	2024.25	58,724	0	0	0
2	2025.26	57,688	0	0	3,471
3	2026.27	36,699	0	0	3,599
4	2027.28	38,912	0	0	0
5	2028.29	38,940	0	0	0
6	2029.30	40,470	0	0	0
7	2030.31	41,779	0	0	0
8	2031.32	43,032	0	0	0
9	2032.33	44,323	0	0	0
10	2033.34	27,982	0	0	0
11	2034.35	28,822	0	0	0
12	2035.36	29,686	0	0	0
13	2036.37	30,577	0	0	0
14	2037.38	31,494	0	0	0
15	2038.39	31,304	0	0	0
16	2039.40	32,243	0	0	0
17	2040.41	33,210	0	0	0
18	2041.42	34,207	0	0	0
19	2042.43	35,233	0	0	0
20	2043.44	35,805	0	0	0
21	2044.45	36,879	0	0	0
22	2045.46	37,985	0	0	0
23	2046.47	39,125	0	0	0
24	2047.48	40,298	0	0	0
25	2048.49	44,511	0	0	0
26	2049.50	45,846	0	0	0
27	2050.51	47,222	0	0	0
28	2051.52	48,639	0	0	0
29	2052.53	50,098	0	0	0
30	2053.54	56,373	0	0	0
31	2054.55	58,065	0	0	0
32	2055.56	59,807	0	0	0
33	2056.57	61,601	0	0	0
34	2057.58	63,449	0	0	0

35	2058.59	61,203	0	0	0
36	2059.60	63,039	0	0	0
37	2060.61	64,930	0	0	0
38	2061.62	66,878	0	0	0
39	2062.63	68,884	0	0	0
40	2063.64	70,951	0	0	0

Input Year Number up to which you require Summary Totals i.e. input

40	1,836,910	0	0	7,070
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New Build Major Repairs £,000	Other £,000	Total Expenditure £,000	Borrowing £,000	RTB 141 Receipts £,000	Other RTB Receipts £,000
0	0	58,724	30,050	0	1,771
0	0	61,158	35,994	335	1,834
0	0	40,298	12,802	347	1,896
0	0	38,912	11,936	0	1,949
0	0	38,940	11,928	0	2,003
0	0	40,470	13,082	0	2,058
0	0	41,779	14,673	0	2,116
25	0	43,057	15,937	0	2,175
26	0	44,349	16,848	0	2,235
26	0	28,009	0	0	2,298
27	0	28,849	0	0	2,585
28	0	29,715	0	0	2,657
29	0	30,606	0	0	2,732
30	0	31,524	0	0	2,809
31	0	31,335	0	0	2,888
32	0	32,275	0	0	2,970
33	0	33,243	0	0	3,054
33	0	34,240	0	0	3,141
34	0	35,267	0	0	3,230
36	0	35,840	0	0	3,322
37	0	36,915	0	0	3,416
38	0	38,023	0	0	3,514
39	0	39,164	0	0	3,614
40	0	40,338	0	0	3,717
41	0	44,552	0	0	3,823
42	0	45,889	0	0	3,933
44	0	47,266	0	0	4,045
45	0	48,684	0	0	4,162
46	0	50,144	0	0	4,281
48	0	56,421	0	0	4,404
49	0	58,114	0	0	4,531
51	0	59,857	0	0	4,661
52	0	61,653	0	0	4,796
54	0	63,503	0	0	4,934

55	0	61,258	0	0	5,076
57	0	63,096	0	0	5,223
59	0	64,988	0	0	5,374
60	0	66,938	0	0	5,530
62	0	68,946	0	0	5,690
64	0	71,015	0	0	5,855

10 for a cumulative total from years 1 to 10

1,372	0	1,845,352	163,250	682	140,299
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Financing

Grant £,000	Other Capital Receipts £,000	Other £,000	MRR £,000	RCCO £,000	Total Financing £,000	Shortfall £,000
1,850	0	2,162	22,354	538	58,724	0
0	0	0	22,844	151	61,158	0
1,400	0	0	23,402	450	40,298	0
0	1,550	(870)	23,795	552	38,912	0
0	0	(117)	24,194	932	38,940	0
0	0	703	24,599	27	40,470	0
0	0	284	24,706	0	41,779	0
0	0	0	24,946	0	43,057	0
0	0	0	25,265	0	44,349	0
0	0	0	25,711	0	28,009	0
0	0	0	26,265	0	28,849	0
0	0	0	27,057	0	29,715	0
0	0	0	27,874	0	30,606	0
0	0	0	28,715	0	31,524	0
0	0	0	28,446	0	31,335	0
0	0	0	29,305	0	32,275	0
0	0	0	30,189	0	33,243	0
0	0	0	30,565	535	34,240	0
0	0	0	30,424	1,614	35,267	0
0	0	0	30,919	1,600	35,840	0
0	0	0	31,421	2,078	36,915	0
0	0	0	31,931	2,578	38,023	0
0	0	0	32,449	3,101	39,164	0
0	0	0	32,975	3,646	40,338	0
0	0	0	33,509	7,220	44,552	0
0	0	0	34,051	7,905	45,889	0
0	0	0	34,602	8,619	47,266	0
0	0	0	35,160	9,362	48,684	0
0	0	0	35,728	10,135	50,144	0
0	0	0	36,304	15,714	56,421	0
0	0	0	36,888	16,695	58,114	0
0	0	0	37,482	17,714	59,857	0
0	0	0	38,085	18,773	61,653	0
0	0	0	38,696	19,873	63,503	0

0	0	0	39,317	16,864	61,258	0
0	0	0	39,947	17,925	63,096	0
0	0	0	40,587	19,027	64,988	0
0	0	0	41,237	20,172	66,938	0
0	0	0	41,896	21,361	68,946	0
0	1,550	0	42,565	21,045	71,015	0

3,250	3,100	2,162	1,266,402	266,206	1,845,352	0
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	Existing	New Build
Plan Total	1,836,910	8,442

Southampton CC HRA Business Plan Budget Reconciliation

HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT

Income

- Dwelling Rents
- Voids
- Net Rents

- Non Dwelling Rents
- Charges for services and facilities (net of voids)
- Contribution towards expenditure
- Treasury Management Income

Expenditure

- Cyclical Maintenance
- Reactive Maintenance (Inc H-Ops)
- Supervision and management
- Special services

- Rents, rates, taxes and other charges
- (Increase)/decrease in provision for bad or doubtful debts
- Depreciation and impairment of fixed assets
- Debt management costs

- Other Expenditure

Net cost of services

- Interest payable, incl amortisation of premiums and discounts
- HRA share of pension interest cost and expected return on pension assets
- HRA investment income

Surplus / (deficit) for the year

STATEMENT OF MOVEMENT ON THE HRA BALANCE

Surplus / (deficit) for the year on the HRA Income and Expenditure Account

Capital Expenditure funded by the HRA (DRF)

Transfer to Major Repairs Reserve

(optional - where amount above depreciation transferred as per Item 8 Debit)

Transfer to or from Revenue Reserve

Provision for repayment of loans

Increase / (decrease) in the HRA balance for the year

HRA Balance Brought Forward

HRA Balance Carried Forward

2024.25	2025.26	2026.27	2027.28
2024/25 Budget £	HRA Business Plan £	HRA Business Plan £	HRA Business Plan £
82,734,135	85,400,311	88,186,538	90,543,231
-2,440,657	-2,305,658	-2,160,647	-1,811,650
80,293,478	83,094,653	86,025,890	88,731,582
1,207,600	1,371,074	1,432,363	1,471,284
2,530,767	2,621,874	2,718,884	2,800,450
1,050,000	1,087,800	1,128,049	1,161,890
105,000	105,000	105,000	104,265
-6,993,400	-25,748,858	-26,306,070	-26,688,976
-18,051,778	-9,917,564	-10,089,524	-10,190,551
-28,757,000	-18,975,279	-19,298,724	-19,491,745
-450,000	0	0	0
-1,000,000	-1,497,700	-1,538,138	-1,568,901
-22,353,656	-22,844,295	-23,402,043	-23,794,797
-86,630	-101,297	-112,353	-118,062
7,494,381	9,195,408	10,663,335	12,416,440
-6,456,455	-8,043,802	-9,213,558	-9,802,014
	0	0	0
1,037,926	1,151,606	1,449,777	2,614,426
1,037,926	1,151,606	1,449,777	2,614,426
-537,604	-150,585	-450,290	-552,248
	0	0	0

	0	0	0
-101	-101	0	-16,101
500,221	1,000,920	999,487	2,046,077
2,500,000	3,000,000	4,000,920	5,000,407
3,000,221	4,000,920	5,000,407	7,046,484

2028.29	2029.30
HRA Business Plan £	HRA Business Plan £
92,961,974	94,519,310
-1,860,040	-1,891,203
91,101,934	92,628,107
1,515,423	1,560,885
2,884,464	2,970,998
1,196,747	1,232,649
103,535	102,810
-27,077,458	-27,471,598
-10,292,593	-10,395,658
-19,686,697	-19,883,600
0	0
-1,600,279	-1,632,284
-24,193,901	-24,599,451
-123,066	-127,251
13,828,109	14,385,608
-10,322,465	-10,751,368
0	0
3,505,643	3,634,240
3,505,643	3,634,240
-932,011	-27,451
0	0

0	0
-1,314,258	-4,853,952
1,259,374	-1,247,162
7,046,484	8,305,858
8,305,858	7,058,696

Agenda Item 8

Appendix 5

Delivery Route	Project	Q3 Forecast 23/24 £M	Proposed Budget 2024/25 £M	Proposed Budget 2025/26 £M	Proposed Budget 2026/27 £M	Proposed Budget 2027/28 £M	Proposed Budget 2028/29 £M	Total £M
External - NHF	Roofing Lot 1 Flat Roofs	1.09	1.50	2.05	2.05	2.05	2.05	10.79
External - NHF	Roofing Lot 2 Pitched Roofs	0.92	1.50	2.00	2.00	2.00	2.00	10.42
External	Door Entry Systems	0.20	0.20	0.20	0.20	0.35	0.35	1.50
Joint - NHF	Wall Structure & Finish	0.35	0.35	0.35	0.35	0.35	0.35	2.10
Joint - NHF	Bathroom refurbishment programme	1.40	1.50	2.50	2.50	2.50	2.50	12.90
External	Lift Refurbishment Programme - Shirley, Albion, Redbridge Towers	0.60	-	0.10	-	-	-	0.70
Joint - NHF	Electrical System Upgrades/Refurbishments -	0.42	0.50	0.50	0.50	0.50	0.50	2.92
Joint	HHSRS and Disrepair	0.06	0.05	0.05	0.05	0.05	0.05	0.31
Joint - NHF	Major Works - reactive	2.25	3.75	4.50	2.00	2.00	2.00	16.50
External	Holyrood Estate Heating Upgrade (HNES Grant £187176.00 added to existing budget)	0.39	0.80	-	-	-	-	1.19
External	Telemeter Electrical Upgrade - works in connection with upgrade	0.90	1.10	-	-	-	-	2.00
Joint - NHF	Kitchen refurbishment programme	1.40	1.50	2.50	2.50	2.50	2.50	12.90
Housing Ops	Emergency Lighting Upgrade & Communal Fire Detector Upgrade	0.05	0.10	0.10	0.10	0.10	0.10	0.55
External	Shed Doors Replacement - Foxcott and Fullerton	-	0.30	-	-	-	-	0.30
External	Stock Appraisal Consultant	-	0.08	0.08	0.08	-	-	0.24
	Structural Inspections to High Rise Blocks	0.60	-	-	-	-	-	0.60
	Total Mobile	0.05	-	-	-	-	-	0.05
	IT upgrade - Compliance module	0.21	-	-	-	-	-	0.21
	Wyndham Court Refurbishment	0.60	-	-	-	-	-	0.60
	Improving Quality of Homes	11.49	13.23	14.93	12.33	12.40	12.40	76.77
Joint - NHF	External Windows - Houses (Housing Operations) & Flats (external contractor)	0.50	1.40	2.40	2.40	2.40	2.40	11.50
Joint - NHF	Space Heating Upgrades (installation of replacement heating systems)	0.40	0.55	1.00	1.00	1.00	1.00	4.95
External	Canberra - External Upgrade (grant funding agreed May 23 - £2m Works - EWI, Windows, roof)	0.50	4.15	4.15	-	3.00	3.00	14.81
Joint - NHF	Gas Heating Upgrades/Refurbishments	1.55	1.70	1.70	1.70	1.70	1.70	10.05
Housing Ops	Insulation Upgrades	1.00	0.90	0.90	0.90	0.90	0.90	5.50
External	Millbank House ECO (clad, windows, heating)	0.04	2.60	3.00	-	-	-	5.64
External	Albion Towers - Heating and Hot Water Replacement	-	1.05	1.16	-	-	-	2.21
Joint - NHF	External Doors - Front/Rear (Housing Operations)	0.30	0.40	0.40	0.40	0.40	0.40	2.30
External	Holyrood Estate - underground pipework replacement	-	1.30	-	-	-	-	1.30
	Network Heating & District Heating meters (HIU Units)	0.21	-	-	-	-	-	0.21
External	Decarbonisation Funding Matching - SHDF Grant fund matching	0.06	-	-	-	-	-	0.06
	Rectification Safety Programme - ECO Contract Dispute	0.43	-	-	-	-	-	0.43
	Making Homes Energy Efficient	4.98	14.05	14.71	6.40	9.40	9.40	58.95
Housing Ops	Fire Safety - Communal Fire Safety Works	0.24	0.19	-	-	-	-	0.43
External	HFRS Fire Safety / High Rise Sprinkler Project - remedials	0.60	0.45	-	-	-	-	1.05
External	Fire Safety - FRA Remedials	0.60	0.40	0.40	0.40	0.40	0.40	2.60
Joint - NHF	Structural Works Repairs & Major Drainage	1.10	0.80	0.80	0.80	0.80	0.80	5.10
External	Fire Safety - Fire Door Replacement Programme (Low & Medium Blocks)	7.14	4.37	3.64	1.00	1.00	-	17.14
Joint - NHF	Asbestos Removal (High Risk Materials Removal)	0.25	0.20	0.20	0.20	0.20	0.20	1.25
External	Fire Safety - Sprinklers Installations	1.24	1.49	1.74	1.74	2.70	2.70	11.62
Joint - NHF	CO alarms	0.17	0.15	0.15	0.15	0.15	0.15	0.90
	Communal Fire Detector Upgrade	0.03	-	-	-	-	-	0.03
External	Fire Safety - Fire Stopping Communal Areas (Low & Medium Blocks)	0.75	1.35	1.35	1.35	1.35	1.35	7.50
External	Fire Safety - High Rise Ventilation Upgrades	0.19	1.57	1.20	1.20	1.20	1.20	6.56
External	Fire Safety - Wyndham Court Upgrade	0.80	0.20	-	-	-	-	1.00
External	Fire Safety - Fire Door Remedials	0.81	0.80	0.80	0.80	0.80	0.80	4.81
External	Fire Safety - Wyndham Court Commercial and car part sprinklers project	-	0.54	-	-	-	-	0.54
External	Fire Safety - Additional Asbestos Removal - Walkway Ceilings	-	1.25	1.25	1.25	-	-	3.75
External	Fire Safety - Cladding Assessment (A1 & A2 support grant application)	-	0.60	-	-	-	-	0.60
External	Fire Safety - Castle Housing Compartmentation (flat front replacements)	-	0.75	0.75	-	-	-	1.50
External	Fire Safety - Building Safety Case Remediation	-	0.40	0.40	0.20	0.20	0.20	1.40
	HRA IT Equipment and Software Refresh	0.07	-	-	-	-	-	0.07
	Making Homes Safe	13.98	15.51	12.67	9.09	8.80	7.80	67.85

Delivery Route	Project	Q3 Forecast 23/24 £M	Proposed Budget 2024/25 £M	Proposed Budget 2025/26 £M	Proposed Budget 2026/27 £M	Proposed Budget 2027/28 £M	Proposed Budget 2028/29 £M	Total £M
	Townhill Park Regen	1.50	3.60	2.77	-	-	-	7.86
	General Needs New Homes	1.25	-	3.47	3.57	-	-	8.29
	Potters Court	0.10	-	-	-	-	-	0.10
	Starboard Way	1.07	-	-	-	-	-	1.07
	Regeneration Total	3.92	3.60	6.24	3.57	-	-	17.33
External	Decent Neighbourhoods	1.00	1.00	1.00	1.00	1.00	1.00	6.00
External	House Roads, Paths and Hard Standings	0.25	0.25	0.25	0.25	0.25	0.25	1.50
External	DN:Estate Improvement Programme (EIP)	0.15	0.15	0.15	0.15	0.15	0.15	0.90
	CCTV	-	0.15	-	-	-	-	0.15
External	Tower Block - End of Life Review	-	0.10	0.10	-	-	-	0.20
External	HRA Shops investment programme (condition survey estimate £3.5m repairs)	-	0.17	0.17	0.17	0.17	0.17	0.85
	Deregistration - Cambridge Rd	0.10	-	-	-	-	-	0.10
	Local Authority Housing Fund (LAHF 1)	1.71	-	-	-	-	-	1.71
	Container Homes Project	0.10	-	-	-	-	-	0.10
	1000 parking spaces	0.60	-	-	-	-	-	0.60
	Supporting Communities	3.91	1.82	1.67	1.57	1.57	1.57	12.11
External	Renew Warden Alarm	0.63	2.18	0.84	-	-	-	3.64
Joint - NHF	Disabled Adaptations	2.80	3.00	3.00	3.00	3.00	3.00	17.80
	Telecare Upgrades	-	0.20	-	-	-	-	0.20
	Suited locks	0.06	-	-	-	-	-	0.06
	Supporting Independent Living	3.48	5.38	3.84	3.00	3.00	3.00	21.70

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