

**Meeting of the Overview and Scrutiny Management Committee  
Report on Proposed Amendments for the 2023/24 Budget**

**Purpose of report**

1. To report to the Overview and Scrutiny Management Committee the proposed amendments from Cllr Ricky Rogers to the budget recommended to Cabinet on 31 January 2023 for the committee to appraise and raise any comments to Full Council.

**Background**

2. This meeting of the Overview and Scrutiny Management Committee provides an opportunity for non-executive councillors to question Cllr Ricky Rogers, on the proposed amendment before the budget is considered by Full Council on 21 February 2023.
3. The Member proposal is amendment to the proposed Cabinet budget, as set out as follows:
  - To reduce the rent increase for social dwelling rents from 7% to 5%.
4. The above proposal has the following impact on the 2023/24 base budget:

<b>Proposal</b>	<b>Impact £m</b>
Reduce the rent increase for social dwelling rents from 7% to 5% - reduction in rental income for the HRA	0.519
<b>Total pressure of proposals for HRA</b>	<b>0.519</b>
<b>Funding Proposal of Pressure</b>	
2023/24 – Decrease the contribution to the HRA reserve from £2.133m to £1.594m to offset the reduction in rental income	0.519

5. The proposal has the effect of reducing the rental income budget for the HRA in the 2023/24 financial year which results in a revenue pressure for the HRA of £0.519m, with proposals for funding this pressure set out in the table above. The impact of the funding of the proposal has the effect of reducing the amount that would be transferred to the HRA reserve by £0.519m with a forecast balance at the end of the 2023/24 financial year of £4.155m.

**S.151 Officer Comments**

6. The amendment does not impact on the General Fund proposals for the budget as they relate to the Housing Revenue Account (HRA) proposals.
7. It should be noted that the Housing Board, that includes representation from tenants, voted 5 to 3 in majority for the proposed 7% increase in rent to be taken forward. HRA rent increases are normally prescribed to be CPI plus 1%. This would have been an increase of over 11%, however in the current cost of living crisis the Government mandated that these should be capped at 7%.
8. The Housing Board considered 3 options, before the Governments mandate was known, on 3%, 5% & 7%. The 7% option provided the greatest assurance on the continuation to deliver on the HRAs 30 year business plan, the significant level of capital investment and the greatest sustainability of the HRAs finances in respect of the level of reserves. It also reduces the gap in the level of rental income in comparison to the costs of delivering services, with greater confidence in the viability in the HRA Business Plan over the longer term.
9. The amendment will see a reduction in the planned contribution to HRA reserves and will also see a greater risk in the current economic factors impacting construction and maintenance work contracts facing the HRA. Although the amendment will not see a direct reduction in the planned capital programme, it increases the risk and therefore likelihood that this may have to happen in future.
10. In addition, it should be noted that around two thirds of HRA tenants are in receipt of Housing Benefit to meet in full or in part the cost of rent. Housing Benefit will be increased by 10.1% from April 2023, therefore the majority of tenants will actually be covered from April 2023 even with a 7% increase in rents. It is only the remaining third of tenants who will be directly affected by the amendment.

### **Monitoring Officer Comments**

11. Subject to the views of the Chairman of the Council and subject to this proposal being moved in accordance with the Rules of Procedure in Part 4 of the Constitution, this is an appropriate amendment within the meaning of Rule 20.6. There are no other legal implications.

### **Head of Paid Service Comments**

12. As Head of Paid Service, I can confirm that officers have provided independent advice. We are aware of the full details of the amendments, and they are policy amendments in nature.

### **Conclusion**

13. Overview and Scrutiny Management Committee are asked to consider the proposed amendments to the financial plan 2023/24 and inform Full Council on 21 February 2023.

