

# HRA Business Plan

Rents and Service Charges 2024-2025  
Scrutiny Board 12<sup>th</sup> December 2023

Presenter:

**James Howse**  
Interim Director of Finance

**Jenny Lewington**  
Deputy Director - Housing

RESTRD

[wolverhampton.gov.uk](http://wolverhampton.gov.uk)

## HRA Business Plan Rents and Service Charges 2024-2025

- Cabinet Report 17<sup>th</sup> January 2024
- Council 24<sup>th</sup> January for endorsement of decisions
- To recommend a 24/25 rent increase for social and affordable rents in line with Rent Standard
- To approve 24/25 service charges and garage rent levels
- To approve the HRA Revenue medium term forecasts up to 2028-2029
- To approve continuation of Financial Assistance Scheme
- To approve the HRA medium term capital programme up to 2028-2029
- To approve the Management Allowances to Managing Agents for 2024-2025



CITY OF  
WOLVERHAMPTON  
COUNCIL

The City of Wolverhampton  
Council owns a housing stock  
of over 21,000 homes

There are three Tenant Management Organisations  
(TMO), who manage individual estates:

Over 900 homes are  
managed by  
Bushbury Hill EMB

Around 200 homes  
are managed by  
New Park Village  
TMC

More than 750  
homes are managed  
by Dovecotes TMO

The majority of properties  
(over 19,000) are managed  
by Wolverhampton Homes



**NEW PARK VILLAGE**  
TENANT MANAGEMENT CO-OPERATIVE LTD.



## No proposed Rent cap for 2024-2025

The government have recognised the following;

- Building safety standards have increased construction costs
- Impact of inflation – 11% at Sept 2022 but rent increase for 2023 capped at 7%
- Construction inflation in some areas 20% - materials and labour shortages
- Councils need to be part of low-cost housing shortage solutions – build more
- Councils expected to deal with damp mould and condensation issues
- A below maximum rent increase could signal to the government that income not needed for HRA Business Plans

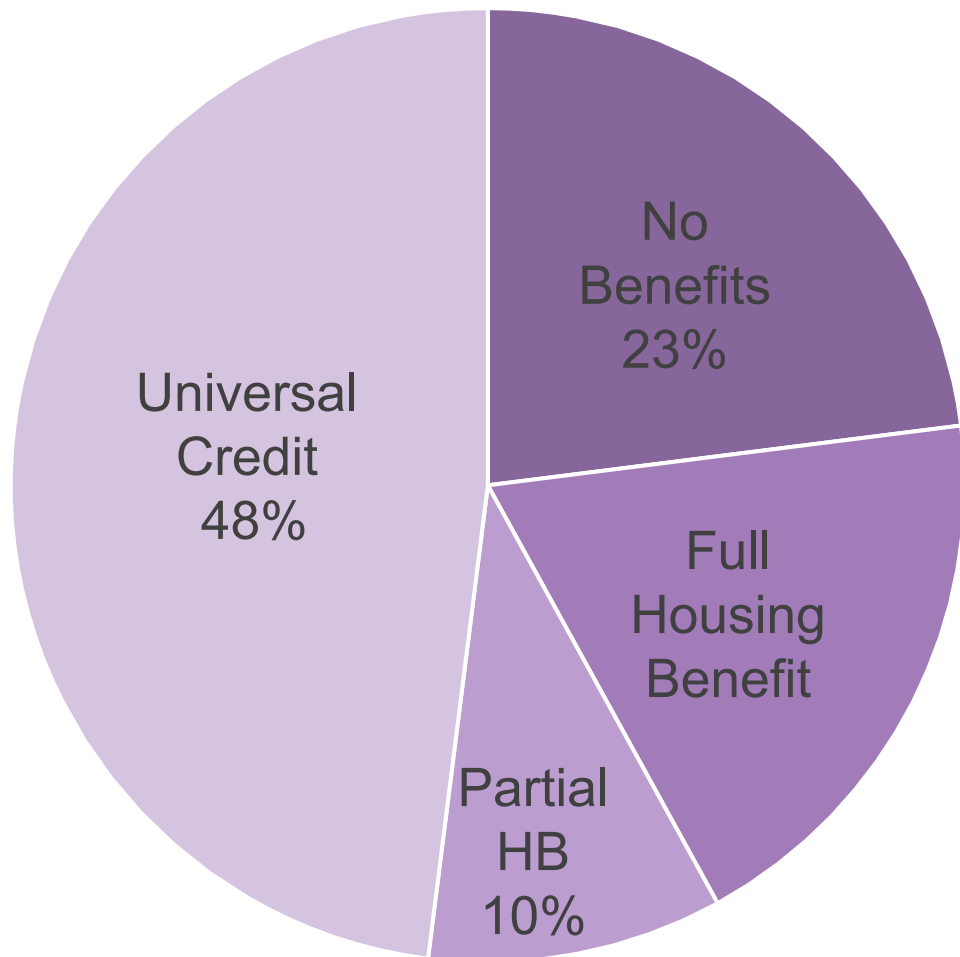
## Pressures from Policy and Legislative Background

- Income from rents has not kept pace with costs, even when inflation was low
- Four year 1% year on year rent reduction from 2016
- Increase in Right to Buy discounts increased number of sales
- The Building Safety Act (2022) impacts upon strategic and operational building management.
- The Fire Safety (England) Regulations 2023 also introduced an enhanced regulatory regime.
- The Social Housing (Regulation) Act 2023 gives new powers to the Regulator and the Social Housing Ombudsman, and a shift from reactive to a proactive regulatory regime.
- From 01 April 2024, CWC will incur additional annual fees to the Regulator (alongside current Housing Ombudsman fees)
- 2012 debt settlement did not take into account need for decarbonisation or additional building safety spend

## Rent Increase 2024-2025

- Proposed rent increase 7.7 %
- 2024-2025 due to be the final year of 5 year fixed rent policy of a maximum increase of Consumer Price Index (CPI) plus 1% under the Rent Standard. (CPI at Sept 2023 6.7%)
- Average rent increase per property would be £6.89 per week
- Average rent per social rent property of £96.34
- Service charges proposed to increase by up to 6.7% to ensure costs are recovered
- Analysis by home.co.uk suggests that the median weekly rent of properties currently available for private rent in Wolverhampton is £229.62.
- Census data for 2021 sets the median weekly rent for private rent in Wolverhampton at £144.23. The ONS estimates that private sector rent in October 2023 would now be £159.56 per week

## Tenant Profiles & How Rent is Paid



- 23% tenants receive no benefits and would be responsible for the rent increase
- Universal Credit – DWP will not supply the breakdown of full/part housing element
- 26% of UC claimants have the housing element paid directly to the landlord, this is a reflection of this customer group's vulnerability
- 2.3% of tenancies in rent arrears
- 78% of arrears under £500

**77% of tenants get some help with their rent**

**£300,000 Financial Assistance scheme to help those that get no benefit support**

## Equality Considerations

- Housing Department Equality Plan
- Ensure that households in rent arrears are accessing support when needed and are not facing any barriers or bias
- Accessibility of advice and online support developed
- Face-to-face support available at the Civic and by appointment at Wednesfield
- TMO managed tenants can access support at their local Housing Offices
- Rent arrears - ages 25-54 are overrepresented, disproportionate number of them are struggling financially. Likely due to living expenses, such as childcare, they may also have variable/unstable income
- Ongoing link to wider Household Support and referrals into Council schemes such as the Good Night Project



## HRA Revenue Pressures

The rent increase will enable us to fund the following;

- Pay costs - national pay awards
- Inflationary increases on contracts and materials
- Increased repairs demand caused by the age of our homes
- Increased costs of dealing with damp mould and condensation
- Support to increasing numbers of vulnerable customers with complex needs
- Standards of regulation and compliance increasing costs of both service delivery

We have already increased Management and Maintenance budgets by £6.2 million since 2022-2023 and plan to increase by a further £3.7 m

## HRA (Indicative) Medium Term Revenue Forecast

HRA Summary	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029
	£000	£000	£000	£000	£000	£000
Dwelling Rents	98,627	107,618	108,672	113,540	116,432	119,325
Non dwelling Rents	600	642	660	678	690	703
Service Charge income	6,149	6,581	6,586	6,718	6,852	6,989
<b>Total income</b>	<b>105,376</b>	<b>114,841</b>	<b>115,918</b>	<b>120,936</b>	<b>123,974</b>	<b>127,017</b>
Repairs and Maintenance	31,228	31,901	32,388	33,082	33,740	34,369
Management	24,768	27,800	27,284	27,830	28,387	28,955
Bad Debts	1,995	2,175	1,980	1,851	1,792	1,729
Depreciation	22,185	22,939	23,608	24,183	24,700	25,116
<b>Total Costs</b>	<b>80,176</b>	<b>84,815</b>	<b>85,260</b>	<b>86,946</b>	<b>88,619</b>	<b>90,169</b>
<b>Net Income from Services</b>	<b>25,200</b>	<b>30,026</b>	<b>30,658</b>	<b>33,990</b>	<b>35,355</b>	<b>36,848</b>
Interest Costs	(11,508)	(16,660)	(19,570)	(22,952)	(25,630)	(27,178)
<b>Available to contribute to capital or repay debt</b>	<b>13,692</b>	<b>13,366</b>	<b>11,088</b>	<b>11,038</b>	<b>9,725</b>	<b>9,670</b>

## HRA Capital Programme

- 50% of our homes are over 70 years old and not energy efficient, with some not being cost efficient to invest in
- We do not have enough homes to meet the needs of all families in our city

The rent increase will enable us to continue with our ambitious capital programme which is prioritising

- Ensuring our homes remain safe and secure
- Improving energy efficiency
- Replacing some of the older homes with new modern homes
- Building additional homes to meet the needs of residents

## Draft Medium Term Capital Programme

Programme Summary	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Total
	£000	£000	£000	£000	£000	£000	£000
New homes	9,661	25,019	25,162	23,500	15,000	11,000	109,342
Estate Remodelling	4,717	13,000	20,000	19,200	10,000	0	66,917
Disabled adaptations	2,600	2,600	2,600	2,600	2,600	2,000	15,000
Internal decency works	22,569	23,270	21,646	19,091	16,456	16,449	119,481
Heath Town refurbishment	13,600	17,192	8,462	2,200	0	0	41,454
High Rise Estate programmes	22,501	26,431	32,611	24,287	22,780	14,362	142,972
Low and Mid rise programmes	4,804	4,150	2,500	5,500	5,500	5,500	27,954
Roofing Programme	8,400	4,600	2,900	2,900	2,900	2,900	24,600
Remedial works to non traditional properties	19,200	15,400	3,244	3,000	2,800	4,000	47,644
Annual rolling programmes	11,734	7,440	5,890	5,910	6,220	5,310	42,504
<b>Total</b>	<b>119,786</b>	<b>139,102</b>	<b>125,015</b>	<b>108,188</b>	<b>84,256</b>	<b>61,521</b>	<b>637,868</b>

## The longer term position

- 1% of rent equates to around £1 million per year
- A rent increase of 6.7% would reduce the rental income over 30 years by around £38 million
- This is equivalent to 200 new homes or retrofitting around 600 homes to make energy efficient
- The long term forecast for future investment on our homes is predicting higher need than we will be able to afford
- We need to be able to do more regeneration so we can provide better quality homes

## Next steps

- Further work needed on long term (capital) forecasts
- Investment appraisals on large refurbishment programmes to assess cost benefits
- Potential savings regarding ALMO model (referenced in September Scrutiny report) to be explored further
- We are working with an external consultant to review our HRA business plan model and ensure our forecasts are affordable
- For estate regeneration we will look to secure government grant funding

## Additional Information

*current work in City Housing*



Trent Gardens,  
Burton Crescent

## Improvement to Homes

*our homes are safe and secure*

### Citywide programmes (£91 million in 2023-2024):

- Void property refurbishment
- Internal decency works
- External works
- Low, medium and high rise M&E infrastructure
- Improvement works to non traditional properties

### Fire Safety Improvements & Sprinkler Installation in Tower Blocks

- 367 properties - Boscobel and Lakefield Estates completed
- 874 properties on Heath Town and Merry Hill Estates underway
- Future delivery – 926 properties in remaining tower blocks



### Heath Town

Extensive work on the site has already been completed, with further development in progress



# Improvement to Homes

*we are improving energy efficiency*



## Retrofit Programme

The first 45 homes have been completed as part of the initial phase that comprises 85 'Cornish' properties near Bradley Lane in Bradley and 86 'Wimpey No-fines' properties on the Rough Hills Estate in Ettingshall. This work is part of a rolling programme to improve more than 450 similar homes across the city by mid-2025.



Wolverhampton Homes Director of Property Services, Ian Gardner (left), and City of Wolverhampton Council Deputy Leader and Cabinet Member for Housing, Councillor Steve Evans (right), with D'Urberville Road resident, Mickey Luck

## New Homes

*meeting residents needs and creating homes for future generations*



Demolition of 205  
homes & rebuild  
New Park Village  
£42m



Estate Improvements  
& 211 new homes  
Heath Town  
£83.4m



121 Tarran Bungalow  
Replacements  
Bushbury, Portobello  
and Wednesfield  
£20m



### **Old Fallings Crescent, Low Hill**

Approved development of 24 new Council homes  
Including bungalows, 4-bed and 5-bed houses  
15 accessible and adapted homes

# Rent Comparison

Data from LADR data release, accurate as of 31<sup>st</sup> March 2023.

## Average Weekly Rents:

	Wolverhampton	West Midlands Average	UK Average
March 2023	£83.49	£85.63	£93.61
From April 2024*	£96.34	£98.68	£107.88
Private Estimate	£159.56	£195.23	£276.69

\*Assuming providers follow rent increase caps

