REPORT TO: **SPECIAL MEETING OF MORAY COUNCIL ON 1 MARCH 2023**

SUBJECT: **HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSAL 2023/24**

BY: **DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)**

1. REASON FOR REPORT

1.1 This report presents details of the proposed Housing Revenue Account (HRA) Budget Proposal for 2023/24 for approval.

1.2 This report is submitted to Council in terms of section (II) (1) of the Council's Administrative Scheme relating to the setting of rent levels for council houses, garages etc.

2. RECOMMENDATION

2.1 It is recommended that the Council:

(i) considers and notes material changes since the Housing Business Plan 2022 Review and the forthcoming rent restructure, as detailed in sections 3 and 4;

(ii) agrees the proposed HRA Budget for 2023/24 (APPENDIX I) and Housing Investment Plan (APPENDIX II), including the level of HRA reserves in line with the Housing Reserves Policy as detailed in paragraph 7.13;

(iii) considers and notes the results of consultation with tenants on options for the 2023/24 rent increase as detailed in section 6;

(iv) agrees Council house rents increase of 3.5% for 2023/24;

(v) agrees that garage site rents are increased by 8.5% (this is a two yearly increase);

(vi) agrees that grass cutting charges are increased by 3.5%;

(vii) agrees provision of £150k for service developments, as detailed in paragraph 8.18; and

(viii) notes the three year projection to 2025-26 (APPENDIX III).

3. MATERIAL CHANGES SINCE HOUSING BUSINESS PLAN REVIEW 2022

BACKGROUND

3.1 The Housing Business Plan was first developed in 2005 when Councils were required to demonstrate that they had the financial means to improve their housing stock to meet the Scottish Housing Quality Standard (SHQS). At that time, Moray Council's Business Plan was developed by Arneil Johnston Consultants, working alongside Council staff.

3.2 The Business Plan assesses the affordability and feasibility of Council plans in relation to housing over a 30 year period. It considers risk scenarios and tests the affordability of the Plan against these potential risks. The Business Plan is reviewed on a three year cycle and provides the assurance that the Council is able to fund its housing activities within the constraints of the accounting regime for housing.

3.3 The Business Plan was last reviewed in 2022 and was reported to Moray Council on 22 February 2022 (paragraph 5 of the minute refers). The 2022 Review identified that the Council could afford to build 50 new properties per annum over the next 3 years based on a rent increase of CPI plus 1%.

3.4 Although the Business Plan was not due to be substantively reviewed for a further two years, given the extent of macro-economic changes over the past year, notably the significant increases in inflation and interest rates, a limited interim review has been undertaken to ensure the impact of these material changes are adequately considered when setting the budget and planning for future years.

3.5 The limited review was predicated on rents increasing at 3.5% for 2023/24 and 2024/25 and thereafter CPI (2%) + 1% for the remainder of the 30 plan. Any variation to this, including the scope of the forthcoming rent restructure, will require to be considered in future investment or strategic decision making.

3.6 The baseline assumption includes 7% inflation for 23/24, 3.5% for 24/25 then 2% for remaining years, in line with long-term fiscal targets. The investment programme has been uprated by 3% for the years from 23/24 to 25/26, then 2.25% from 26/27 onwards.

3.7 Interest rates are assumed to be 4.03% for 23/24, increasing slightly to 4.27% in 24/25 and then reducing to 4% from 25/26 onwards. This is significantly higher than the assumptions in the previous business plan, therefore has impacted the debt to income ratio.

3.8 Debt affordability starts at 19.5% in year 1 of the plan and peaks at 35.2% in year 7, taking account of the investment needs identified in the stock condition survey. This is above the 35% prudential indicator which the Council uses as a reference point and arises three years earlier than the year 10 projection in the previous business plan review. This is not unexpected due to the lower rental increases following the impact of the pandemic and cost of living context and rising inflation and interest rates. Accordingly considerations to manage this would be to increase the limit, taking account of the risk profile of doing so, implementing a higher rent increase in the early years of the plan or to find efficiencies within the investment programme.

3.9 Whilst the business plan remains affordable and sustainable based on this limited review, the Council will work with the consultant on several other scenarios and thereafter monitor the variables which underpin these to ensure the impact continues to be managed operationally and informs future strategic decisions.

3.10 The refreshed business plan maintains provision for approximately 50 new build units or acquisitions for the next five years, predicated upon 276 new build units and 30 acquisitions. The subsequent period will be re-profiled once the Housing Need and Demand Assessment (HNDA) has been completed to determine the extent of unmet housing need in subsequent years.

4. RENT RESTRUCTURE

4.1 The Council's Rent Setting policy has been in operation since 2006. Subsequent reviews in 2010 and 2013 related to the new build premium only. In 2021, as part of the HRA Business Plan review, Arneil Johnston were commissioned to analyse the level of rents and inconsistencies in the current rent structure. This review identified that the Council's current rent structure had 386 different rent levels with wide variations in the rent values, with a lack of consistency in rent levels across property sizes.

4.2 In May 2022, Arneil Johnston were commissioned to complete a further review of the rent structure to support the development of a consistent, fair and transparent model for setting rent and service charges which ensures rents are affordable for tenants, can support investment, and provide financial security for the HRA Business Plan.

4.3 Arneil Johnston have provided a revised rental model which is being considered by Officers, but early indications are that this would enable an 8% increase in annual rental income to offset the impact of below inflation increases in recent years. Any resulting revised draft Rent Setting Policy would be presented to the Housing and Community Safety Committee for approval, and would also require to undergo consultation with tenants and other stakeholders, before implementation. It is anticipated that this consultation will take place during Autumn 2023 and that a revised Rent Setting Policy will be implemented for 2024/25. Similar to the 2006 Policy, the implementation of any revised Policy will include transitional arrangements, potentially for 3-5 years, to assist the minority of tenants whose rents may change significantly.

5. HOUSING INVESTMENT PLAN

5.1 The proposed Housing Investment Plan for 2023/24 – 2025/26 is detailed in **APPENDIX II**.

5.2 The Housing Investment Plan reflects the investment priorities which tenants identified within the recent tenant survey and regulatory requirements. The Council has also recently undertaken a stock condition survey to direct future investment in our properties, including replacement of older/inefficient heating systems as well as delivery of other home improvements (i.e. new kitchens, bathrooms, windows, etc.).

5.3 The revised Business Plan provides for the level of investment required to meet Scottish Housing Quality Standard (SHQS) and Energy Efficiency Standard for Social Housing (EESSH) standards. This indicates that the level of investment activity will increase significantly in future years and a project board is being constituted to coordinate and monitor the planning and expanded capacity needed to deliver the enhanced output. Projections in this area will remain subject to economic influences and supply chain variables, however being managed as a multi-year programme oversight will manage fluctuations in cost and availability. This may, however, lead to single year variances within the overall programme, which is typical of a multi-faceted plan of this scale and complexity.

5.4 In addition to the routine repairs and maintenance of the Council's housing stock, the key focus of the Housing Investment Plan remains on investing to meet the provisions of the SHQS and the EESSH.

5.5 Whereas over 90% of the Council's stock met the SHQS as it stood in 2020/21, in 2021/22 the standard was enhanced to incorporate the energy efficiency provisions of EESSH and in 2022/23 further enhanced in relation to fire safety and electrical safety certification. Accordingly, the Council's attainment fell significantly against the higher standards and remedial programmes have been developed to improve this position.

5.6 From February 2022 the standards for smoke alarms changed to require a minimum number of devices, which should be ceiling mounted and interlinked. A significant installation programme progressed throughout 2022 which resulted in over 99% of properties now meeting the standard and the Council is working to complete installation in the remaining few properties, which have complexities in terms of access. A programme of forced access has been implemented as a last resort and these provisions are being applied to ensure 100% compliance. This investment is a significant contributor to meeting the higher expectations of SHQS and the investment programme includes provision to maintain this position.

5.7 From April 2022 a technical amendment to the SHQS provisions in relation to electrical certification was made, which entailed specifying a full Electrical Installation Condition Report (EICR) as the requirement. Whereas the Council's properties had been certified to a high level under the industry standards, similar to other domestic properties and therefore providing a high degree of assurance in safety terms, a remedial programme of EICR certification is required to ensure compliance with the higher provisions of SHQS. Work has commenced on properties which the Council has been carrying out other electrical work within, including those which required forced entry for smoke alarms. A large contract is being tendered to complete the remainder of properties within the year 2023/24, for which budgetary provision of £1,800k has been allocated. This will contribute greatly to attainment against SHQS.

5.8 Energy Efficiency is the other key priority within the Investment Plan, continuing progress following a year in which over 10% of properties have benefitted from installation of a new heating system. Total provision of £7,435k has been allocated to take forward Insulation, Heating and other

EESSH programmes, which will have a particular focus on improving the energy efficiency of the properties with the lowest energy rating. It is intended that this will eliminate the small number of remaining properties which have an Energy Performance Certificate (EPC) rating F or G.

6. RENT INCREASE CONSULTATION

6.1 Section 25 of the Housing (Scotland) Act 2001 allows landlords to increase rent (or any other charge payable) under a Scottish secure tenancy so long as they give tenants at least four weeks' notice of the increased rent due to be paid. Before they issue this notice, landlords must consult with tenants affected by the proposal and be able to demonstrate how they have taken regard of their views in reaching a decision about rent increases.

6.2 The consultation for 2023/24 ran from 12 December 2022 until 13 January 2023, with surveys issued to 6110 tenants by letter or email according to their communication preference.

6.3 Our proposed rent increase under the HRA Business Plan would normally be above the rate of inflation, based on the Consumer Price Index (CPI) + 1%. Given the current economic situation, this would have meant an increase of 11.1% to council house rents (an average weekly increase of £7.22). Due to the ongoing cost of living crisis the options proposed to our tenants for the 2023/24 rent increase remained below half the current level of inflation.

6.4 Tenants were invited to express their preference for one of two options based on what each option will allow us to deliver:

Option one – 3.5% (or average weekly increase of £2.28)
This option would give enough funding to maintain the current level of service. However, it would mean we would have to propose higher rent increases in future years to deliver the level of investment needed in our properties.

Option two – increase rents by 5% (or average weekly increase of £3.25)
This option would let us maintain our investment programme as well as being able to set aside a hardship fund of £75k to help tenants who are struggling with the cost of living.

6.5 A total of 770 responses were received, representing a 12.6% response rate, which is a considerable increase in response compared to 9.7% last year:
577 tenants (80.14%) opted for Option one – 3.5%
143 tenants (19.86%) opted for Option two – 5%

6.6 Given the clear preference for option one, this is the recommended rent increase for 2023/24. However, it is noted that for the second consecutive year the option preferred by tenants has been described within the consultation as being below the rate of inflation and business plan assumption, therefore a higher rent increase will be needed in future years to provide improvements and upgrades. This recommendation proceeds with the qualification that the proposed rent restructure detailed in section 4 of the report will include an objective to harmonise rents at a level which is sustainable within the wider HRA Business Plan assumptions.

6.7 Based on this rent increase, the Council's rents will remain the lowest amongst local authority landlords and will continue to be affordable across the range of property types and sizes.

7. PROJECTED HRA OUTTURN 2022/23

7.1 On 22 February 2022, the Council agreed its HRA Budget for 2022/23 (paragraph 5 of the Minute refers). Reports on budgetary performance have been presented to Housing and Community Safety Committee throughout 2022/23. Expenditure has been impacted by uncertain market conditions.

7.2 The most recent HRA budget monitoring report presented to the Housing and Community Safety Committee on 15 November 2022 (paragraph 7 of the minute refers) identified the main variations in the projected outturns to 31 March 2023, which have subsequently been updated with the most recent position as follows:-

Expenditure

Supervision and Management

7.3 Supervision and Management - An overspend of £83k is projected. This variance results from projected increases in staffing costs (£94k) following the higher than budgeted pay award, increased void costs (£34k), increased Council Tax costs (£10k), which are anticipated to be partly offset by an underspend in software (£55k).

Sheltered Housing

7.4 There is a projected overspend of £42k anticipated due to excess energy costs due to higher unit costs (£27k), responsibility for rates for a former day service property (£6k), repairs and maintenance (£8k) and other minor cumulative overspends (£1k).

Repairs and Maintenance

7.5 An overspend of £490k is projected. This is composed of an overspend of £390k in planned/cyclical maintenance, £123k in response repairs and voids (£57k). The key contributors were the additional expenditure on Electrical Testing and Certification and other inflationary pressures.

Financing Costs

7.6 An overspend of £662k is projected due to estimated higher interest costs on borrowing. It is acknowledged that there is considerable volatility in relation to interest rates at present, therefore this position is likely to vary prior to the year end.

Bad and Doubtful Debts

7.7 An underspend of £15k is projected due to lower write-offs, however the position remains uncertain following the impact of the pandemic on arrears, the cost of living outlook and the recent restrictions placed on evictions.

CFCR

7.8 The level of Capital from Current Revenue (CFCR) is projected to be £839k higher due to underspends elsewhere across the HRA budget, which will offset anticipated borrowing.

Downsizing Incentive Scheme

7.9 An underspend of £37k is projected due to fewer transfers taking place.

Service Developments

7.10 An underspend of £336k is currently projected due to the lead-in time from approval of new posts to recruitment processes concluding.

7.11 Total expenditure on the HRA is projected to be £50k higher than budgeted.

Income

7.12 Total income to the HRA is projected to be £50k higher than originally budgeted for 2022/23, with £118k additional interest on revenue balances projected due to the higher interest rates, partially offset by £52k lower rental income due to the delayed completion of new build properties in Keith and £16k lower yield in other income.

HRA reserves

7.13 Overall, a surplus balance of £2.465m is projected for the HRA budget in 2022/23. This is determined as a prudent level of reserves under the terms of the Housing Reserves Policy approved by Housing & Community Safety Committee on 15 November 2022, incorporating:

- £500k - minimum policy provision;
- £750k - risks associated with the development programme in current market conditions
- £750k – risks associated with the housing investment programme in current market conditions
- £465k – provision for inflation, given the unexpectedly high level of pay award and other cost increases in 2022/23.

8. PROPOSED HRA BUDGET 2023/24

8.1 As in previous years, Officers have considered in detail the base budget agreed for 2023/24. Each cost centre within the HRA budget is scrutinised by the Head of Housing and Property, Finance staff and the budget service managers and this has included an assessment of the continued impact of economic conditions on both income and expenditure.

8.2 **APPENDIX I** details the proposed HRA Budget for 2023/24. Comments on the proposed budget can be made as follows:-

Expenditure

8.3 The total expenditure proposed amounts to £22.812m. The main areas of expenditure are considered below.

Supervision and Management

8.4 The budget proposed for supervision and management costs is £5.521m. This provides for a 3% pay award and also makes allowance for increased voids costs.

8.5 HRA statistics recently published by the Scottish Government, highlight that Moray continues to be in the lowest quartile of Councils with regards to supervision and management costs per house.

Sheltered Housing

8.6 The Sheltered Housing Budget is increased to £0.063m for 2023/24.

Repairs and Maintenance

8.7 Proposed revenue expenditure for Repairs and Maintenance of £10.696m represents a £2.74m increase on 2022/23, reflecting the significantly higher labour and material costs in this service area. Capital expenditure for Planned Maintenance and Improvements of £14.3m is included in the Housing Investment Plan, summarised in **APPENDIX II**. These budgets make provision for typical levels of activity as well as the strategic investment priorities.

Garage Sites

8.8 Charges in relation to garage sites provided by the HRA are reviewed bi-annually. Given the current rate of inflation, it is intended that these charges are subject to a total uplift of 8.5%, reflecting annual uprating of 3.5% and 5% respectively.

Grass Cutting

8.9 Grass cutting charges are subject to annual revision and it is proposed that these will be uprated at the same rate as rents, therefore by 3.5%.

New Build Housing Programme

8.10 The Scottish Government has identified affordable housing as a key national strategic priority and committed to fund the building of 110,000 affordable housing by 2032.

8.11 Following wide consultation with partners and tenants, the Local Housing Strategy 2019-24 was agreed by Communities Committee on 2 April 2019 (paragraph 8 of the minute refers). The key objectives of increasing the supply of affordable housing and tackling homelessness are included in the Council's Corporate Plan 2023. The Housing Needs and Demand Assessment (HNDA) completed in 2019 indicated that 424 new affordable houses are required per annum over a 10 year period to address current and projected housing need in Moray. Work on a refreshed HNDA is underway and will report later in 2023.

8.12 Expenditure of £7.993m is budgeted for in relation to the new build programme for 2023/24, with £30.781m and £17.534m allocated for 2024/25 and 2025/26 respectively, representing the anticipated schedule of forthcoming developments.

8.13 On 15 November 2022, the Housing and Community Safety Committee approved the Council's SHIP (paragraph 10 of the Minute refers). In accordance with Scottish Government guidance, the SHIP over-commits on available grant funding. The SHIP includes several projects assigned to the Council's own development programme, and several projects which are unassigned. The HRA Business Plan 2022 made provision for 50 Council house completions per year. Given there is some uncertainty with regards to the capacity of the local housing associations to develop, it can be assumed that the scale of the Council's house building programme will be a key factor in ensuring that the available resources are fully utilised in Moray.

Developments which are in the pipeline are continuing to progress, with 276 units included in the business plan between 2022/23 and 2026/27. Individual projects will, however, be subject to value for money assessments until fully committed, to ensure they remain affordable. The HNDA output will direct funding priorities in subsequent years and in line with the previous business plan finding that continuing with a development/acquisition programme of 50 properties per year actually reduces the debt affordability %, albeit with a higher debt per unit, it is envisaged this level of output remains realistic and prudent.

8.14 Open market acquisition of properties will be considered under the provisions of the Strategic Housing Investment Plan (SHIP) in relation to strategic priorities including maintenance of flatted blocks for which the Council has responsibility and meeting the needs of specific applicants. Any such investment decisions will be predicated on a value for money assessment and consideration of impact on the HRA Business Plan assumptions. Provision for 6 units in 23/24 and 12 in each of 24/25 and 25/26 has been made within the business plan.

Financing Costs

8.15 Financing costs are projected at £5.183m for 2023/24. This is an increase of £1.087m when compared to the previous year's budget, by consequence of the increased cost of borrowing.

Capital from Current Revenue (CFCR)

8.16 CFCR enables the Council to utilise available revenue resources to help fund capital projects and reduce the requirement for prudential borrowing. The Housing Investment Plan sets out the repairs and maintenance priorities for 2023/24. These will be financed through the HRA revenue and capital budgets. For 2023/24, it is proposed to set CFCR at £0.902m to allow the Council to maintain an operating surplus of £2.465m at year end.

Downsizing Incentive Scheme

8.17 It is proposed to maintain the annual budget for the Downsizing Incentive Scheme at £72k for 2023/24.

Service Developments

8.18 Service developments of up to £150k have been included in the budget for 2023/24 to make provision for emergent priorities, including work on process efficiency in repairs and maintenance carried forward from 2022/23, facilitating the rent restructure, ensuring sufficiency of staffing provision across the service and to support participatory budgeting initiatives which benefit tenants. Specific details will be reported to service committees in the course of the reporting year.

Income

8.19 Rental income is the primary source of income for the HRA. The HRA must balance (or the deficit must be funded from General Services). The level of income generated within the HRA continues to influence what the Council can fund with regards to its housing activities. Rent collection rates remain in the upper quartile compared with other local authority landlords.

9. GENERAL SERVICES HOUSING

Temporary Accommodation

9.1 The Council has a statutory responsibility to provide temporary accommodation to households assessed as homeless until permanently rehoused, or duties have otherwise been discharged. Income and expenditure in relation to this is derived from the general services account, rather than the HRA.

9.2 Temporary accommodation consists of self-contained accommodation dispersed within communities or complexes of properties with dedicated support staff. In exceptional circumstances the Council will also make short-term placements in B&B establishments until more suitable accommodation becomes available.

Charging Policy

9.3 The current charging policy has been in place since April 2015, having been approved by Communities Committee on 18 November 2014 (para 8 refers). No annual uplift has been applied in the interim, therefore with increased costs and static income, the service has increasingly been running at a deficit.

9.4 Charges had been structured in anticipation of the means tested assistance available to tenants moving from the Housing Benefit regime to the new Universal Credit system. Whilst this was prudent given the stated intention of the DWP to effect this change, subsequently temporary accommodation was exempted from the migration to Universal Credit and accordingly the framework of rules and limits is less restrictive.

Current Charges

9.5 Charges within the current policy had been derived with reference to the Local Housing Allowance (LHA) rates, which would have determined the limit under the Universal Credit system. The current weekly charges for respective property sizes are:

	Rent	**Restricted rent**
1 Bed	£142.81	£65.70
2 Bed	£171.58	£77.14
3 bed	£191.14	£89.46

9.6 The ‘restricted’ rental charge is levied where tenants are not eligible for means tested assistance in order to ensure affordability.

Budgetary Considerations

9.7 The cost of providing temporary accommodation has increased markedly since the charging policy was implemented, with LHA rates having largely remained static. This includes uplifts in salary costs for employees, higher rental charges and other ancillary costs such as furnishings, other materials, utilities, etc.

9.8 The net budgetary pressure arising from the increased costs versus static income is approximately £220k, which will inevitably grow if the status quo remains. Whilst there is some scope for cost control, in order to mitigate the budgetary deficit it will be necessary to review the extent to which costs are recovered by rent and service charges.

9.9 A comprehensive review of the Charging Policy for Temporary Homeless Accommodation will require lead-in time of 3-6 months, given the requirement for consultation with stakeholders. Whilst this presents scope for in-year savings, realistically this would be with effect from the latter half of the financial year. Accordingly, consideration of an interim measure is also proposed.

Interim Uplift

9.10 The compounded inflationary rate for the period April 2015 to April 2023 is approximately 27%, based on CPI. As an initial means of uprating the rent and service charges under the current policy, using this factor would yield up to £230k additional income (annual equivalent for 2023/24). Several considerations:

- Implementation for new tenants can begin immediately;
- Notice of the uplift for existing tenants would be provided with effect from 3rd April 2023;
- Generous mitigation will be afforded to any existing tenants advising of adverse impact, with limited impact on the overall budgetary impact given turnover rate (tenancies <6months); and
- Tenancies for which loss of subsidy (remuneration from the DWP) would arise will not be included in the uplift.

As these savings would fall to General Services, this has been recommended in 2023/24 Budget and 2023 to 2026 Financial Plan Report submitted to this Committee.

Comprehensive Policy Review

9.11 A full policy review will commence immediately, with reference made to full cost recovery for each type of accommodation. Opportunities for cost control will be identified as part of this process and proposed new rent/service charges for each property will be devised. An important principle would be to protect existing tenants from being impacted by two changes in the course of the financial year, albeit the average tenancy duration means this is unlikely to arise in many instances.

10. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The provision of new affordable housing, the maintenance of the Council's housing stock and dealing with homelessness are priorities identified within the Corporate Plan, the Council's Local Housing Strategy, the Strategic Housing Investment Plan (SHIP) and the Housing and Property Service Plan.

(b) Policy and Legal
Proposed approaches to reviewing the rent setting policy and temporary accommodation charging policy are set out within this report and will be subject to further detailed consultation and reporting to service committees in the course of the year. There are no legal implications arising from this report.

(c) Financial Implications
The 2022 Business Plan review provides for the legislative work programmes that the Council will be required to deliver in future years and sets a rental framework within which it can be sustainably delivered. It concluded that an increase of CPI + 1% would ensure that the Council's housing activities remain fundable and affordable. The business plan will remain under periodic review given the extent of investment activity and changing market conditions and whereas the recommended rent increase falls below the original business plan assumption, the limited review undertaken has taken cognisance of this per paragraph 3.5 and the proposed remedy is set out in terms of the rent restructure detailed in paragraph 6.6.

(d) Risk Implications
The 2022 Business Plan review included detailed risk assessment and sensitivity analysis, which demonstrated that the HRA remains within acceptable limits under the range of scenarios tested. Given the extent of economic uncertainty, this position has been subject to early review and will continue to be periodically reviewed and appropriate contingent measures taken.

The proposed changes to service charges for temporary accommodation follow discussion with the benefits team to evidence that the charges are eligible within the scheme rules. There are also circumstances where eligible costs may not be fully recoverable from the DWP under the subsidy regime and the service will ensure this is considered to avoid inadvertent impact on the benefits budget.

(e) Staffing implications
There are no direct staffing implications arising from this report.

(f) Property
None.

(g) Equalities/Socio Economic Impact
There are no equalities/socio economic impacts arising from this report. The uplift in temporary accommodation charges does not require an EIA to be undertaken, however the proposed comprehensive policy review will necessitate a full impact assessment once progressed.

(h) Climate Change and Biodiversity Impacts
Delivery of the Housing Investment Programme will make a significant contribution to meeting EESSH standards within the Council's stock, thereby reducing energy ratings and carbon emissions. Similarly the

Council's affordable housing supply programme is predicated on delivering low-carbon developments.

(i) Consultations

This report has been prepared in consultation with Finance staff. Consultation on this report has also been carried out with the Head of Financial Services, the Head of Governance, Strategy and Performance, Tracey Sutherland, Committee Services Officer and Senior Managers within the Housing and Property Service and any comments received are reflected in this report.

11. CONCLUSION

11.1 This report presents the HRA Budget proposals for 2023/24. It also includes a three year financial projection to 2025/26. Following consultation a rent of 3.5% is recommended for 2023/24 and the forthcoming rent restructure will take cognisance of the refresh of the HRA business plan.

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Background Papers:	Held by author
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