

Budget Report 2024/25 - Addendum

LABOUR MOTION TO AMEND THE PROPOSED COUNCIL BUDGET 2024/25

Proposed by: Cllr Jen Walker, Leader of the Labour Group

Seconded by: Cllr J Chaplain, Deputy Leader of the Labour Group

This motion is to amend the Rushcliffe Borough Council 2024/5 budget to include the addition of:

1. £20k revenue to undertake detailed feasibility work on the council housing proposal below to be reported to Cabinet for a decision on future investment in council-owned council housing
2. £250k capital to continue to top up the Disabled Facilities Grants provision

PROPOSAL 1 – Council housing feasibility study

BACKGROUND INFORMATION

The Council took the decision in 2003 to transfer its housing stock to Rushcliffe Homes, the forerunner to Spirita and now Metropolitan Thames Valley Housing.

Since then, affordable housing has been delivered by registered providers in Rushcliffe. This includes Metropolitan Thames Valley Housing but other providers too. These providers can purchase/develop their own stock and also bid for housing via S106 sites (sites of a certain size have to provide S106 contributions for affordable housing. Strategic sites will deliver eg 10-30 percent affordable homes). Registered providers are strictly regulated by Government.

When the council had its own council housing, the finances were kept separate from the main budget using a Housing Revenue Account. This is a legal requirement for any stock holding authority which has more than 199 homes. It ensures that the rents and maintenance costs and investment for new housing is all kept separate from the Council's general fund.

A council is permitted to hold up to 199 homes without having a Housing Revenue Account but needs a direction from the Secretary of State to own and operate council housing.

AMENDMENT 1

The Labour group believes that the Council should own and operate council housing for its residents because:

1. *National waiting lists for council homes have risen by over 88,000 households in that last 5 years.*
2. *Many residents are being forced into unsuitable private accommodation.*
3. *Rising rents have hit a record high across the borough.*
4. *Many of our most vulnerable families have been completely priced out of the housing market.*
5. *People on housing benefit can only afford 4% of private rental homes.*

There is no solution to our housing crisis that doesn't involve a substantial programme of social and affordable housing. A council, who is responsible for its social housing wait lists and for homelessness, has a direct incentive to build homes that are genuinely affordable for local people.

The Local Government Association has called for a 'genuine renaissance in council house building' and have asked government that councils may retain 100% of their receipts on a permanent basis and for a new task force

to be set up that would provide additional help for councils who want to get building. We must start the conversation about bringing council-owned homes back in-house as this is the solution to many of the problems we face as a council because it is an inevitable truth that we will have to do this in the future. This amendment sees the reality of the situation around housing and takes ambitious action to begin to make sure we are showing the best of local government in its 'on-the-ground' ability to help.

The Labour Group feel this is the start of a more strategic vision for the borough, one that engages residents in a more participatory model. The issue of housing affordability is one of the biggest issues we will face in Rushcliffe and this will allow us to build in predictability into the system for future residents and for the council.

Housing providers, alongside developers, are not providing the right sort of housing needed for our residents. By building our own housing we could meet the needs of our elderly, and those in need of supported housing as well as adapted homes as data on these vulnerable groups shows we are not serving their needs and, as is stated in the presented budget, at the whim of government grants.

The power of local government to deliver for its residents cannot be underestimated and this is amendment to the current budget is the ambitious start we need to make and will not impact this council balancing its budget.

MANAGEMENT COMMENTS

Rushcliffe Borough Council does not currently have in-house expertise in operating and managing a portfolio of council housing. All staff with that knowledge were transferred to Rushcliffe Homes in 2003. If the council were to decide to start owning and managing council housing again, careful consideration would need to be given as to how best to achieve that, potentially working with a strategic partner to provide the management services as otherwise the economies of scale in operating a small number of houses would not translate into good value for money for the council or tenants.

LEGAL COMMENTS

Rushcliffe Borough Council can legally own and manage council housing as long as it has obtained a direction from the Secretary of State. There is a threshold as to how much stock the council can own and operate before it needs to set up a Housing Revenue Account (199).

Right to Buy Legislation would be relevant to any new council housing stock where the council is the landlord.

FINANCIAL COMMENTS (S151)

The budget proposed (£20k) is to undertake a detailed feasibility study and business case including options appraisals to inform any future proposals for the Council to own and operate council housing.

This can be accommodated utilising the Council's reserves with £20k appropriated from the New Homes Bonus Reserve reducing anticipated overall reserves by the end of the MTFs from £15.013m to £14.993m. An adjustment to Tables 12,13 and 14 and Appendices 2 and 4 of the report would be required (as shown at the end of this proposal).

If the Council operates council housing in the future it will have to borrow to purchase/develop the housing or alternatively utilise £4.7m accumulated from Planning Agreement monies currently earmarked to support Registered Housing Providers (this would impact on any existing plans). The Council doesn't have any suitable land of its own to develop. It could bid for S106 allocations alongside existing Registered Providers. The Council is currently debt free so would be taking on debt linked to the housing and in the future if the numbers increased above 199 it would need to set up a Housing Revenue Account. There are currently many councils struggling within the HRA model as rents are capped but costs and liabilities are rising. In addition, the present economic climate has made construction more expensive. No amendment has been made to the capital programme at

this stage for future investment in council housing. It is anticipated that to borrow and deliver affordable housing in the current market would leave the council at a deficit of around £12,000 per unit per year due to the costs of borrowing and construction which are not covered by average social rental incomes. This potential budget deficit would have to be met from savings elsewhere as well as the additional risks outlined above.

Table 12

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Employees	14,521	15,502	15,838	16,137	16,596	16,873
Premises	1,712	1,706	1,702	1,743	1,782	1,822
Transport	1,760	1,651	1,678	1,684	1,687	1,687
Supplies & Services	5,080	5,371	5,301	5,302	5,436	5,508
Transfer Payments	12,410	12,283	12,283	12,283	12,283	12,283
Third Party	1,289	1,260	1,306	1,336	1,367	1,375
Depreciation	1,895	1,895	1,895	1,895	1,895	1,895
Capital Salaries Recharge	(200)	(240)	(66)	(54)	(54)	(54)
Gross Service Expenditure	38,467	39,428	39,937	40,326	40,992	41,389
Reversal of Capital Charges	(1,895)	(1,895)	(1,895)	(1,895)	(1,895)	(1,895)
Collection Fund Deficit	506	0	0	0	0	0
Net Contribution to Reserves	1,352	1,058	0	28	397	619
Minimum Revenue Provision	1,311	1,178	1,178	743	178	178
Overall Expenditure	39,741	39,769	39,220	39,202	39,672	40,291

Table 13

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000
Total income	(39,471)	(40,893)	(40,110)	(37,946)	(38,420)	(39,202)
Gross Expenditure	39,741	39,769	39,220	39,203	39,673	40,291
Net Budget Position (Surplus)/Deficit	270	(1,124)	(890)	1,257	1,253	1,089
Planned Transfer (to)/from Reserves	(1,352)	(1,058)	526	(28)	(397)	(619)
Revised Transfer (to)/from Reserves	(1,082)	(2,182)	(364)	1,229	856	470

Table 14

£'000	Balance 31.03.24	Balance 31.03.25	Balance 31.03.26	Balance 31.03.27	Balance 31.03.28	Balance 31.03.29
Investment Reserves:						
Regeneration and Community Projects	2,568	3,119	2,865	3,029	2,867	2,769
Sinking Fund - Investments	624	554	654	334	534	649
Corporate Reserves:						
Organisation Stabilisation	1,885	2,941	3,763	2,488	1,217	128
Treasury Capital Depreciation Reserve	1,173	1,173	1,173	1,173	1,173	1,173
Collection Fund S31	1,085	1,020	1,020	1,020	1,020	1,020
Climate Change Action	228	805	805	805	805	730
Flood Grant & Resilience	0	28	28	28	28	28
Devco and Freeport Reserve	200	200	200	200	200	200
Vehicle Replacement Reserve	370	555	740	602	367	0
Risk and Insurance	100	100	100	100	100	100
Planning Appeals	350	350	350	350	350	350
Elections	50	100	150	200	50	100
Operating Reserves:						
Planning	56	56	0	0	0	0
Leisure Centre Maintenance	30	45	60	75	90	105
Total Excluding NHB Reserve	8,719	11,046	11,908	10,404	8,801	7,352
New Homes Bonus	9,652	7,454	6,276	5,533	5,355	5,177
Total Earmarked Reserves	18,371	18,500	18,184	15,937	14,156	12,529
General Fund Balance	2,604	2,604	2,604	2,604	2,604	2,604
TOTAL	20,975	21,104	20,788	18,541	16,760	15,133

Appendix 2

	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £	2028/29 Estimate £
Chief Executive	2,313,500	2,205,400	2,242,700	2,309,600	2,529,100	2,567,400
Finance and Corporate Services	4,099,500	4,952,200	5,163,700	5,551,900	5,790,700	5,941,100
Development and Economic Growth	(154,800)	(179,100)	(90,300)	(283,300)	(330,200)	(360,100)
Neighbourhoods	7,649,400	7,823,600	7,829,400	7,852,000	7,981,600	7,916,700
Net Service Expenditure	13,907,600	14,802,100	15,145,500	15,430,200	15,971,200	16,065,100
Capital Accounting Adjustments	(1,895,000)	(1,894,600)	(1,894,600)	(1,894,600)	(1,894,600)	(1,894,600)
Minimum Revenue Provision	1,311,000	1,178,000	1,178,000	743,000	178,000	178,000
Transfer to/(from) Reserves	1,352,000	1,057,700	(526,000)	28,000	397,000	619,000
Total Net Service Expenditure	14,675,600	15,143,200	13,902,900	14,306,600	14,651,600	14,967,500
<i>Funding</i>						
Other Grant Income	(639,600)	(615,800)	(119,600)	(120,200)	0	0
Localised Business Rates, includes SBRR	(4,904,800)	(5,463,200)	(5,675,900)	(3,850,000)	(3,927,000)	(4,005,500)
Collection Fund (Surplus)/Deficit	505,900	(32,100)	0	0	0	0
Business Rates Pool Surplus	0	(300,000)	(300,000)	0	0	0
Council Tax Income						
- Rushcliffe	(7,092,200)	(7,418,700)	(7,699,800)	(8,065,000)	(8,436,500)	(8,817,800)
- Special Expenses Areas	(860,700)	(928,000)	(997,700)	(1,014,600)	(1,034,900)	(1,055,600)
New Homes Bonus	(1,414,000)	(1,509,000)	0	0	0	0
Total Funding	(14,405,400)	(16,266,800)	(14,793,000)	(13,049,800)	(13,398,400)	(13,878,900)
Net Budget (Surplus)/Deficit	270,200	(1,123,600)	(890,100)	1,256,800	1,253,200	1,088,600

Appendix 4

<u>Use of Earmarked Reserves in 2024/25</u>	Projected Opening Balance	Projected Income	Projected Expenditure	Net Change in Year	REF	Projected Closing Balance
Investment Reserves						
Regeneration and Community Projects	2,568	1,061	(510)	551	1	3,119
Sinking Fund - Investments	624	200	(270)	(70)	2	554
New Homes Bonus (NHB)	9,652	1,509	(3,707)	(2,198)	3	7,454
Corporate Reserves						
Organisation Stabilisation	1,885	1,124	(68)	1,056	4	2,941
Treasury Capital Depreciation Reserve	1,173	0	0	0		1,173
Collection Fund S31	1,085	0	(65)	(65)	5	1,020
Climate Change Action	228	850	(273)	577	6	805
Flood Grant & Resilience	0	28	0	28	7	28
DevCo and Freeport Reserve	200	0	0	0		200
Vehicle Replacement Reserve	370	185	0	185	8	555
Risk and Insurance	100	0	0	0		100
Planning Appeals	350	0	0	0		350
Elections	50	50	0	50	9	100
Operating Reserves						
Planning	56	0	0	0		56
Leisure Centre Maintenance	30	15	0	15	10	45
	18,371	5,022	(4,893)	129		18,500

PROPOSAL 2 – Top up to the Disabled Facilities Grants

BACKGROUND INFORMATION

In 2022 the Council put an additional £500k capital into the provision of Disabled Facilities Grants (DFGs) in the borough spread over two years (2022/3 and 2023/4). These are grants to support residents to stay in their properties by undertaking capital works to the premises when the resident has additional needs due to a disability. The grants are means tested unless they are for the needs of a disabled child in which case they are not means tested. Grants are for up to £30k of works (mandatory grants).

£695k is allocated to RBC by the Better Care Fund administered by Nottinghamshire County Council. This is based on a government formula. Rushcliffe is allocated less funds than any other district in the county.

In the proposed budget it is not planned to continue the top up element of £250k capital per year. The proposal in this amendment to the budget is that this money (£250k) remains in the budget.

AMENDMENT 2

The Labour group believes that the Council should continue to subsidise or top up the provision of disabled facilities grants in the borough this year.

This cut will lead directly to increased wait times for people needing to adapt their homes will mean more people needing to go into hospital and adding more strain to an already strained NHS. We have a responsibility to keep as many people out of hospital as possible as a local government and this false economy is an abdication of our responsibility that will cost the taxpayer in the long run.

We can make this amendment while maintaining a balanced budget.

MANAGEMENT COMMENTS

There is a small team that manages and administers the Disabled Facilities Grants for the borough. The effect of having less budget is that the waiting list for a DFG is lengthened. "Time of the essence" cases are prioritised. The council has highlighted to Nottinghamshire County Council and to Civil Servants the issues with the current allocation of money to Rushcliffe not meeting all the demand. Like many services, we need to work to the budget allocated.

LEGAL COMMENTS

The delivery of Disabled Facilities Grants is a statutory function and the council continues to deliver its statutory duties within the budget allocated albeit waiting times may be lengthened.

FINANCIAL COMMENTS (S151)

To continue the budget top up proposed (£250k pa) would put additional strain on the Council's capital resources which are diminishing. In terms of the MTFs (Table 17) over 5 years this would amount to an additional £1.25m of resource reducing the capital resources available for future capital spend from £4.336m to £3.086m. Amendments would be required to Tables 14 and 17 and Appendices 3 and 4 in relation to the Capital Programme (as shown at the end of this proposal). It is not envisaged that this would be sustainable in the long run as there is no return on investment or economic benefit to what is grant funding albeit it would support some residents. It can be achieved in 2024/5 but it is recommended that the Council instead continues to push for a change in the amount of Better Care Fund allocated to Rushcliffe and works within the budget constraints of the government grant allocation.

Table 14

£'000	Balance 31.03.24	Balance 31.03.25	Balance 31.03.26	Balance 31.03.27	Balance 31.03.28	Balance 31.03.29
Investment Reserves:						
Regeneration and Community Projects	2,568	2,869	2,365	2,279	1,867	1,519
Sinking Fund - Investments	624	554	654	334	534	649
Corporate Reserves:						
Organisation Stabilisation	1,885	2,941	3,763	2,488	1,217	128
Treasury Capital Depreciation Reserve	1,173	1,173	1,173	1,173	1,173	1,173
Collection Fund S31	1,085	1,020	1,020	1,020	1,020	1,020
Climate Change Action	228	805	805	805	805	730
Flood Grant & Resilience	0	28	28	28	28	28
Devco and Freeport Reserve	200	200	200	200	200	200
Vehicle Replacement Reserve	370	555	740	602	367	0
Risk and Insurance	100	100	100	100	100	100
Planning Appeals	350	350	350	350	350	350
Elections	50	100	150	200	50	100
Operating Reserves:						
Planning	56	56	0	0	0	0
Leisure Centre Maintenance	30	45	60	75	90	105
Total Excluding NHB Reserve	8,719	10,796	11,408	9,654	7,801	6,102
New Homes Bonus	9,652	7,474	6,296	5,553	5,375	5,197
Total Earmarked Reserves	18,371	18,270	17,704	15,207	13,176	11,299
General Fund Balance	2,604	2,604	2,604	2,604	2,604	2,604
TOTAL	20,975	20,874	20,308	17,811	15,780	13,903

Table 17

	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	Estimate	Estimate	Estimate	Estimate	Estimate	
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure Summary						
Development & Economic Growth	2,950	4,210	580	0	125	7,865
Neighbourhoods	8,079	3,841	1,455	1,540	1,647	16,562
Finance & Corporate	300	395	220	330	330	1,575
Total	11,329	8,446	2,255	1,870	2,102	26,002
Funded By						
Usable Capital Receipts	(2,989)	(5,999)	(292)	0	0	(9,280)
Government Grants	(2,745)	(695)	(695)	(695)	(695)	(5,525)
Use of Reserves	(2,303)	(930)	(1,268)	(1,175)	(1,407)	(7,083)
Grants & Contributions	0	0	0	0	0	0
Section 106 Monies	(3,292)	(822)	0	0	0	(4,114)
Borrowing	0	0	0	0	0	0
Total	(11,329)	(8,446)	(2,255)	(1,870)	(2,102)	(26,002)
Resources Movement						
Opening Balances	10,350	7,373	4,517	3,869	3,593	
Projected Receipts	8,822	5,590	1,607	1,594	1,595	
Use of Resources	(11,799)	(8,446)	(2,255)	(1,870)	(2,102)	
Balance Carried Forward	7,373	4,517	3,869	3,593	3,086	

Appendix 3

Ref	Scheme	2024/25	2025/26	2026/27	2027/28	2028/29
		Estimate	Estimate	Estimate	Estimate	Estimate
		£'000	£'000	£'000	£'000	£'000
	Support for Registered Housing Providers	2,500	1,459	0	0	0
	Hound Lodge - Enhancements	325	0	0	0	0
	Disabled Facilities Grants	945	945	945	945	945
	BLC Improvements	100	100	0	0	0
	CLC & KLC - Enhancements	1,890	0	0	0	0
	ELLC Enhancements	0	0	0	100	0
	EGC Enhancements	30	100	0	0	0
	Play Areas - Special Expense	75	75	75	75	75
	West Park Enhancements Special Expense	495	40	0	0	0
	Gresham Sports Pavilion	0	150	0	0	0
	RETROFIT Energy Grants	103	0	0	0	0
	Rushcliffe CP - Enhancements	0	0	25	0	0
	Lutterell Hall Special Expense	0	125	0	0	75
	Edwalton Community Facility Special Expense	498	0	0	0	0
	Gamston Community Hall Special Expense	130	0	0	0	0
	HUG 2 Green Energy Grants	534	0	0	0	0
	Sub total	8,079	3,841	1,455	1,540	1,647
	Finance and Corporate Services					
	Information Systems Strategy	150	245	120	230	230
	Contingency	150	150	100	100	100
	Sub Total	300	395	220	330	330
	PROGRAMME TOTAL	11,329	8,446	2,255	1,870	2,102

Appendix 4

<u>Use of Earmarked Reserves in 2024/25</u>	Projected Opening Balance	Projected Income	Projected Expenditure	Net Change in Year	REF	Projected Closing Balance
Investment Reserves						
Regeneration and Community Projects	2,568	1,061	(760)	301	1	2,869
Sinking Fund - Investments	624	200	(270)	(70)	2	554
New Homes Bonus (NHB)	9,652	1,509	(3,687)	(2,178)	3	7,474
Corporate Reserves						
Organisation Stabilisation	1,885	1,124	(68)	1,056	4	2,941
Treasury Capital Depreciation Reserve	1,173	0	0	0		1,173
Collection Fund S31	1,085	0	(65)	(65)	5	1,020
Climate Change Action	228	850	(273)	577	6	805
Flood Grant & Resilience	0	28	0	28	7	28
DevCo and Freeport Reserve	200	0	0	0		200
Vehicle Replacement Reserve	370	185	0	185	8	555
Risk and Insurance	100	0	0	0		100
Planning Appeals	350	0	0	0		350
Elections	50	50	0	50	9	100
Operating Reserves						
Planning	56	0	0	0		56
Leisure Centre Maintenance	30	15	0	15	10	45
	18,371	5,022	(5,123)	(101)		18,270

Can the S151 Officer and Monitoring Officer confirm that the proposed amendments, if adopted, would result in a legally balance budget?

Yes – the joint impact of both proposals is given below, with earmarked reserves to reduce to £6.1m by 2028/29.

Joint impact of both Proposals

Table 14

£'000	Balance 31.03.24	Balance 31.03.25	Balance 31.03.26	Balance 31.03.27	Balance 31.03.28	Balance 31.03.29
Investment Reserves:						
Regeneration and Community Projects	2,568	2,869	2,365	2,279	1,867	1,519
Sinking Fund - Investments	624	554	654	334	534	649
Corporate Reserves:						
Organisation Stabilisation	1,885	2,941	3,763	2,488	1,217	128
Treasury Capital Depreciation Reserve	1,173	1,173	1,173	1,173	1,173	1,173
Collection Fund S31	1,085	1,020	1,020	1,020	1,020	1,020
Climate Change Action	228	805	805	805	805	730
Flood Grant & Resilience	0	28	28	28	28	28
Devco and Freeport Reserve	200	200	200	200	200	200
Vehicle Replacement Reserve	370	555	740	602	367	0
Risk and Insurance	100	100	100	100	100	100
Planning Appeals	350	350	350	350	350	350
Elections	50	100	150	200	50	100
Operating Reserves:						
Planning	56	56	0	0	0	0
Leisure Centre Maintenance	30	45	60	75	90	105
Total Excluding NHB Reserve	8,719	10,796	11,408	9,654	7,801	6,102
New Homes Bonus	9,652	7,454	6,276	5,533	5,355	5,177
Total Earmarked Reserves	18,371	18,250	17,684	15,187	13,156	11,279
General Fund Balance	2,604	2,604	2,604	2,604	2,604	2,604
TOTAL	20,975	20,854	20,288	17,791	15,760	13,883

Appendix 4

<u>Use of Earmarked Reserves in 2024/25</u>	Projected Opening Balance	Projected Income	Projected Expenditure	Net Change in Year	REF	Projected Closing Balance
Investment Reserves						
Regeneration and Community Projects	2,568	1,061	(760)	301	1	2,869
Sinking Fund - Investments	624	200	(270)	(70)	2	554
New Homes Bonus (NHB)	9,652	1,509	(3,707)	(2,198)	3	7,454
Corporate Reserves						
Organisation Stabilisation	1,885	1,124	(68)	1,056	4	2,941
Treasury Capital Depreciation Reserve	1,173	0	0	0		1,173
Collection Fund S31	1,085	0	(65)	(65)	5	1,020
Climate Change Action	228	850	(273)	577	6	805
Flood Grant & Resilience	0	28	0	28	7	28
DevCo and Freeport Reserve	200	0	0	0		200
Vehicle Replacement Reserve	370	185	0	185	8	555
Risk and Insurance	100	0	0	0		100
Planning Appeals	350	0	0	0		350
Elections	50	50	0	50	9	100
Operating Reserves						
Planning	56	0	0	0		56
Leisure Centre Maintenance	30	15	0	15	10	45
	18,371	5,022	(5,143)	(121)		18,250