

<b>SUBJECT:</b>	<b>HOUSING REVENUE ACCOUNT BUSINESS PLAN 2022/23</b>
<b>DIRECTORATE:</b>	<b>HOUSING AND INVESTMENT</b>
<b>REPORT AUTHOR:</b>	<b>PAUL HOPKINSON, SENIOR HOUSING STRATEGY OFFICER</b>

## **1. Purpose of Report**

- 1.1 This report presents the Housing Revenue Account (HRA) Business Plan for 2022/23. In addition, it sets out proposals to undertake a thorough review of the HRA during 2022 with the goal of developing an updated 30-year business plan to cover the period 2023 to 2053.

Executive is asked to approve the HRA Business Plan for 2022/23 and to endorse the development of an updated 30-year business plan during 2022.

## **2. Background**

- 2.1 All Councils with 200 or more council houses are required to have a Housing Revenue Account. City of Lincoln Council (CoLC) has approximately 7,800 council properties.

The HRA covers revenue income and expenditure relating to the Council's own housing stock. It is an account that is ring-fenced from the Council's general fund as required by the local government Act 1989 which specifies the items that can be charged and credited to it.

The Council must include all costs and income relating to the Council's landlord role (except in respect of leased accommodation, for households owed a homeless duty, and in respect of accommodation provided other than under Housing Act powers).

The council has a legal duty to ensure the account remains solvent and to review the account throughout the year,

- 2.2 The HRA Business Plan sets out our income and expenditure plans for the delivery of council housing in Lincoln, The Plan and associated budgets are reviewed and monitored annually. The long-term 30-year plan was formally approved in 2012 and reviewed in 2016, In the normal course of events the 30-year plan would have been reviewed again in 2020, however, the normal cycle has been disrupted by the Covid pandemic and to a lesser extent the Brexit withdrawal and the long-term plan needs to be reviewed and updated.
- 2.3 Things are now returning to a more stable situation and our goal is to refresh the business plan for the 2022/23 financial year and undertake a fundamental review during the latter part of 2022/23, with the aim of having a reviewed and updated HRA Business Plan developed and approved for the start of the 2023/24 financial year.

### **3. The HRA Business Plan 2022/23**

#### **3.1 The HRA Business Plan is set out in seven sections**

##### **1. Introduction**

The introduction sets out the purpose of the HRA Business Plan, it explains the documents scope and helps the reader to build an understanding the information contained in the Business Plan document.

##### **2. Background**

The background outlines the regulatory requirements that force local authorities to set up a Housing Revenue Account. It identifies the main features that a HRA must contain. It also provides the dates (2012 and 2016) when previous HRA Business Plans were produced and describes the recommendation to refresh the business plan for the 2022/23 financial year and undertake a fundamental review during the latter part of 2022/23, with the aim of having a reviewed and updated HRA Business Plan written and approved for the start of the 2023/24 financial year.

##### **3. The HRA Business Plan Environment**

Strategic business planning for a HRA is never easy, but it has gotten much harder with the Coronavirus pandemic, withdrawal from the EU and the Grenfell tragedy

The previous three years have seen an unprecedented amount of change and uncertainty and this has had a marked impact on our ability to manage and deliver housing services. This section describes the complex and fast-moving environment that surrounds the HRA.

Effective business planning is essential in turbulent times and this section describes the various challenges and opportunities that we need to be aware of and plan and prepare for.

##### **4. City of Lincoln Corporate Vision – The Golden Thread**

The “Golden Thread” is a performance framework that describes how an organisation’s goals, values and visions are aligned and woven into the organisations culture and way of working.

This section describes the links between CoLC’s corporate vision (VISION 2025), The Housing Strategy and the HRA Business Plan. It explains how the HRA Business Plan aligns with and supports the Housing Strategy, which in turn aligns with and supports Lincoln’s five overarching strategic objectives.

##### **5. Resident Involvement**

We know that we need to design and deliver housing services in partnership with tenants if we want successful and vibrant neighbourhoods. We have been doing this through our Lincoln Tenants Panel (LTP) which represents the diverse group of residents that live in HRA properties. The LTP plays a crucial role in guiding and shaping housing services in Lincoln and we have fully consulted with them during the development of this Business Plan.

Please see below a quotation from the Chairman of the Lincoln Tenants Panel

*“The Lincoln Tenants Panel have been consulted and involved in the development of the council’s business plan for housing. We have been involved in all aspects of the plan and spent a lot of time meeting with officers to learn how the business plan is put together and what it means for us as tenants. Resources available for maintenance and investment in our homes now and in the future are set out in the plan and deciding how this money is spent is very important. The Council has been clear about what this means to us and difficult decisions have to be taken about what can be achieved”.*

Mick Barber – December 2021

## **6. Delivering A Great Housing Service in Lincoln**

This is the largest and most detailed section in the Business Plan. Lincoln has approximately 7,800 HRA properties and this section sets out how the HRA Business Plan supports the delivery of services to Lincoln’s tenants, it covers three overarching areas:

- 1. Delivering an excellent housing management service** – including a wide range of housing, estate management and tenancy services, responsive repairs and maintenance, lettings and void property management. It also includes property acquisitions and disposals, right to buy applications, supported housing and tenant participation.
- 2. Providing quality housing which meets tenants needs and aspirations** – this section looks at how we manage and maintain our property assets to ensure they continue to provide high quality accommodation for tenants. This includes how we collect and maintain asset and stock condition data, how we manage the strategic property options appraisal process, our approach to climate change, together with our short and medium-term investment plans.
- 3. Delivering affordable housing to meet housing needs** – Historic and on-going Right to Buy sales have place a strain on our ability to provide good quality housing to meet the needs and aspirations of our residents. This section considers how CoLC will provide sufficient homes to meet increasing demand for housing in the city. It reviews previous successes and considers proposals to regenerate estates and neighbourhoods, as well as the on-going property acquisition and new build development plans across the city.

## **7. Financial Planning**

The HRA Business Plan is above all else a financial planning document and this section sets out the income and expenditure plans for 2022/23.

All of the financial details have been taken from the Councils overarching General Fund budget proposals for F/Y 2022/23.

This section is split into two area, the first relates to the revenue budgets for 2022/23 and this includes data on where the income comes from, together with a summary of where the monies are spent. Specific details of spend on individual services or projects is shown in the budget summaries included in the Business Plan.

In 2022/23 the HRA revenue account has a projected total income from rents, service charges and various other income streams of £31.78million. With a projected income of £29.99m rents contribute 94.35% of the total income.

The income stream is spent across a number of budgets, with the main items of expenditure being; Repairs Account £10.02m, Debt management expenses £7.45m, Staffing costs £6,80m, HRA debt provision £2.58m.and Major Repairs Reserve £2.55m.

For 2022/23 we estimate that the HRA revenue account will make a small surplus of £.

The second area relates to capital budgets for 2022/23, this is broken down into two distinct areas:-

1. **Housing Investment** - this includes the Decent Homes and Lincoln Standard planned maintenance and component replacement programmes, and essential Health and Safety works. We are planning to spend a total of £5.494m on these works in 2022/23.
2. **Housing Strategy and Investment** - this includes projects that will deliver new and/or additional social housing in Lincoln. We are planning to spend £14,173m delivering additional housing in 2022/23

In total we are budgeting to spend £19,667m on capital works in 2022/23.

#### 4. **Proposed Timetable/Next Steps**

- 4.1 Corporate Management Team – 18<sup>th</sup> January  
Strategic Review Group – 31<sup>st</sup> January  
Executive – 21<sup>st</sup> February

#### 5. **Strategic Priorities**

##### 5.1 Let's drive inclusive economic growth

The Housing Revenue Account invests approximately £30million in Lincoln's economy each year, with much of this spend going to local businesses and residents. These partnerships with local businesses help to support the growth of a vibrant and resilient economy in the city.

We directly employ approximately 400 people and enable many more jobs in our suppliers and sub-contractors. We support local businesses and residents by putting social value at a key component in our contracts with suppliers and contractors to maximise delivery of training and employment opportunities for local resident.

The provision of good quality accommodation and pleasant neighbourhoods makes the city an attractive destination for people and businesses who may be considering investing in or moving to the area.

##### 5.2 Let's reduce all kinds of inequality

The provision of good quality housing is a fundamental human need. Providing quality accommodation will improve the quality of life for thousands of people across the city, minimise deprivation and inequality.

We are working with residents and partners in key neighbourhoods such as Sincil Bank to develop strong communities where people feel safe and welcome.

We are working with partners to support vulnerable residents by delivering a Housing First solution to assist rough sleepers to move to safe accommodation.

We are improving the quality and energy efficiency of our homes to provide attractive, comfortable homes and to reduce fuel poverty for our tenants.

### 5.3 Let's deliver quality housing

The business plan contains proposals to maintain and improve almost 8,000 homes whilst also regenerating neighbourhoods and delivering much needed new and refurbished additional homes.

We are driving up the quality and standards of our homes by the introduction of our New Build Standard to provide quality accommodation such as the De Wint Court Extra Care scheme which will provide 70 purpose-built apartments.

We are continuing to further improve our existing properties and estates through the Decent Homes and Estate regeneration programmes. These programmes will provide good quality homes in attractive, appealing neighbourhoods.

### 5.4 Let's enhance our remarkable place

We are working to deliver a range of improvements in the Sincil Bank area. These include a proposal to provide high quality modern housing and improved street scene at Hermit Street and the regeneration of old and outdated car park areas.

Repairing, maintaining and improving homes and neighbourhoods is essential if we are to enhance our beautiful city. We continue to improve our homes and neighbourhoods to ensure that residents can enjoy their homes and the surrounding environment.

### 5.5 Let's address the challenge of climate change

We are working to make our council housing as energy efficient as possible. Our asset investment plan includes the fitting of additional insulation, high-quality double-glazed windows and efficient heating systems. This is lowering the carbon emissions from our homes as well as reducing fuel poverty for our tenants.

We are also using the HRA to drive down our carbon footprint by introducing a modern efficient fleet of vehicles, using "batched" scheduled repairs where possible and by specifying sustainable building materials.

In 2022 we will undertake a major project to review the use of alternative forms of carbon zero forms of heating in our homes to deliver clean heating solutions at a cost that our tenants can afford.

## 6. **Organisational Impacts**

### 6.1 Finance

The provision of housing accommodation is set out in Part II of the Housing Act 1985. Statutory requirements regarding keeping of a Housing Revenue Account (HRA) are contained in the Local Government and Housing Act 1989 ("Act"). The provisions contain a duty under section 76 of the Act, to budget to prevent a debit balance on the HRA and to

implement and review the budget. The Act places a duty on local housing authorities to: (i) to produce and make available for public inspection, an annual budget for their HRA, which avoids a deficit; (ii) to review and if necessary, revise that budget from time to time and (iii) to take all reasonably practical steps to avoid an end of year deficit.

## 6.2 Legal

The expenditure referred to in this report will be spent pursuant to the Council's powers and duties and the Council has a duty to disclose information as set out in the Housing Revenue Account (Accounting Practices) Directions 2016

## 6.3 Equality, Diversity and Human Rights

The Equalities Act 2010 introduced a single public sector equality duty. This duty requires the Council to have due regard in its decision-making processes to the need to:

- a) Eliminate discrimination, harassment, victimisation or other prohibited conduct.
- b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it, and.
- c) Foster good relationships between those who share a relevant characteristic and those that do not share it.

The relevant protected shared characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The Council is required to act in accordance with the equality duty and to have due regard to the duty when carrying out its functions, which includes making new decisions in the current context and in relation to the new strategy.

It should be noted in respect of the Council's public sector equalities duties where the setting of the capital, revenue and HRA budget results in new policies or policy change the relevant service department will carry out an equality impact assessment to secure delivery of that duty including consultation as may be required.

In addition, any estate regeneration schemes are subject to an Equalities Impact Assessment to ensure any arising issues are addressed. DDA works and disabled adaptations are included as essential works within the capital programme. Further Equalities Impact Assessments and/or consultation may be necessary if significant changes are envisaged to Housing Management Services or Schemes.

## 7. Risk Implications

- 7.1 Failure to approve the HRA Business Plan and associated income and expenditure proposals would have a detrimental impact on the delivery of housing services in Lincoln.

## 8. Recommendation

- 8.1 Executive is asked to approve the HRA Business Plan for 2022/23 and to endorse the development of an updated 30-year business plan during 2022.

<b>Is this a key decision?</b>	Yes
<b>Do the exempt information categories apply?</b>	No
<b>Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?</b>	No
<b>How many appendices does the report contain?</b>	2

**Lead Officer:** Paul Hopkinson, Senior Housing Strategy Officer