

SUBJECT:	HOUSING REVENUE ACCOUNT BUSINESS PLAN 2023/28
DIRECTORATE:	HOUSING AND INVESTMENT
REPORT AUTHOR:	PAUL HOPKINSON, SENIOR HOUSING STRATEGY OFFICER

1. Purpose of Report

- 1.1 This report presents the Housing Revenue Account (HRA) Business Plan for 2023/28. In addition, it sets out proposals to undertake a thorough review of the HRA during the first half of 2023 with the goal of developing an exciting 30-year business plan that sets out what we want to achieve over the next 30 years.

Housing Scrutiny Sub Committee is asked to discuss the HRA Business Plan for 2023/24 and to support the development of an updated and wide-ranging 30-year business plan during 2023.

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 7,794 council properties consisting of 3,508 Houses, 3,334 Flats, 582 Bungalows, 266 Maisonettes and 104 bedsits. Of these 6,065 properties (77.8%) were built up to 1975 and 1,729 (22.2%) were built after 1975

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.

The Housing and Investment Directorate employs 211 staff.

The team has worked hard to deliver and improve core housing services. During 2021/22 we carried out 22,579 responsive repairs and completed 96.5% of them on time, at a total cost of circa £7million.

At the same time, we continue to deliver the planned investment programme renewing and upgrading kitchens, bathrooms, windows, doors and heating systems to hundreds of homes.

In 2023/24 we will invest a total of £9.1million replacing over 4,000 building components including: -

- 842 Heating Boilers
- 497 Kitchens
- 732 Doors
- 245 Bathrooms
- 227 Windows

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. A one-year business plan was reviewed and approved in February 2022 and in the normal course of events the 30-year plan would have been developed in 2023. However, this normal cycle has been disrupted by events beyond our control that will have significant effect on the viability of the business plan and its delivery in the short to medium term. For example, the war in Ukraine, the subsequent cost of living crisis and the uncertain political situation in the UK. The long-term plan needs to be fundamentally reviewed and updated.

2.3 Our goal is to refresh the business plan for the 2023/24 financial year and undertake a full strategic review during the first half of 2023, with the aim of having an updated HRA Business Plan that looks generationally at Lincoln's wider housing and community needs, developed, and approved for the start of the 2024/25 financial year.

Over the next thirty years we plan to invest a total of £220million modernising and improving our homes.

Energy efficiency is a key issue for our tenants. We continue to improve the thermal performance of our homes and our properties currently have an average SAP (energy efficiency) rating of 70 which is higher than the national average of 67.

Our target is to acquire 400 additional properties between 2020 to 2025. To date we have acquired a total of 217 additional properties and expect to acquire a further 52 properties in 2022/23. We are confident that we will achieve our target by 2025 and are working to acquire an additional 149 properties, 61 of which will be owned by the council.

3. The HRA Business Plan 2023/28

3.1 The HRA Business Plan is set out in eight 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, 2016 and 2022) when previous HRA Business Plans were produced and describes the recommendation to refresh the business plan for the 2023/24 financial year and undertake a fundamental review during the first half of 2023, with the aim of having a reviewed and updated HRA Business Plan written and approved for the start of the 2024/25 financial year.

3. The HRA Business Plan Environment

The strategic business planning environment for a HRA is never easy, however, this has become even more difficult with uncertainty over income and expenditure because of the changing political landscape and the cost-of-living crisis caused by the war in Ukraine.

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 30-year business plan for housing. We are at the start of an exciting journey and have been involved in all aspects of the plan and spent time meeting with officers to learn how the business plan is put together and what it means for us as tenants. We believe a sustainable business plan will ensure we can meet our targets by

understanding the challenges our council faces and to envisage a way forward to help solve this. We have the resources available, and the council has been clear about what this means to us and the potential difficult decisions that must be considered, to help City of Lincoln achieve the desired outcomes and targets”

Mick Barber – December 2022

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.

We are committed to continuing to improve the Housing service and during 2023/24 we will: -

- Undertake a fresh Housing Needs survey
 - Revise and update the Mould and Condensation policy
 - Fully implement the requirements of the Fire Safety Bill and Fire Safety Act
 - Introduce tenancy verification visits
 - Develop an Estate Regeneration strategy
 - Develop a Decarbonisation Strategy
- 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 enough 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 the five-year period 2023/24 to 2027/28.

All the financial details have been taken from the Councils overarching Medium Term Financial Strategy.

This section is split into two areas, the first relates to the revenue budgets and includes data on where the income comes from, together with a summary of where the monies are spent.

The HRA account is under a great deal of pressure to break even because of increased inflationary costs caused by the war in Ukraine and the subsequent cost-of-living crisis. Whilst at the same time having to cope with below inflation rent increases in 2021/22 and 2022/23.

Revenue Budgets

In 2023/24 the HRA revenue account has a projected total income from rents, service charges and various other income streams of £33.93million, rising to £38.19million in 2027/28. This assumes that rents will increase over the five years at 6.5% in 2023/24 followed by increases of 5%, 3%, 3% and 3% in each of the subsequent years.

The annual income streams are spent across numerous budgets. The main item of expenditure is on repairs and maintenance which incurs the largest expenditure in each of the five years, followed by staffing costs, debt management expenses, HRA loan charges, HRA debt provision and major repairs reserves. The short-term economic situation continues to be uncertain, and we anticipate that we will face significant increases in inflation that will drive up energy, fuel and material costs.

We have taken a prudent approach to financial management of the HRA and over the five-year period we estimate that the HRA revenue account will make a small deficit of £52,420.

At the end of the 2027/28 fiscal year, we estimate the HRA will have a positive balance of £1,009,232.

Capital Expenditure

In total we are planning to spend £61.9million on capital projects over the next five years at an average spend of £12.3million a year. Our capital investments are made up of three main categories.

1. Housing Investment, this includes the Decent Homes and Lincoln Standard improvement programmes, Health and Safety works and Other Current Developments which incorporates landscaping and environmental improvement projects, CCTV systems and improvement works to garage sites. In total we will be investing £54.9million in these projects over the next five years.
2. New Build Programme, this includes various projects to build new homes and the acquisition of one-off properties under the Buy Back and other government backed schemes. In total we will be investing £5.1million delivering additional homes over the next five years.
3. IT/Infrastructure, this includes on-going investment in IT systems, hardware, and communication systems. In total we will invest £473,000 in this area over the next five years.

8. Action Plan

This section summarises the key actions we will undertake to enable delivery of the HRA Business Plan.

4. Proposed Timetable/Next Steps

- 4.1
 - Housing Scrutiny Committee – 2nd February 2023
 - Executive – 20th February 2023

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 approximately 7,800 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 recently opened De Wint Court Extra Care scheme which provides 70 much needed 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 fully appreciate the importance of investing in our homes and estates to ensure we deliver good quality homes in nice neighbourhoods. We have carried out a review of two high-rise blocks and will expand this process to undertake reviews of older persons accommodation and whole estates during 2024.

We continue to drive forward the project 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 2023 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.

All procurement associated with the delivery of the Business Plan and subsequent works to the Council's Housing stock will be undertaken in line with the requirements of the Authority's own Contract Procedure Rules and Public Contract Regulations, which are embedded in UK law.

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 Housing Scrutiny Committee is asked to discuss the HRA Business Plan for 2023/24 and to support the development of an updated 30-year business plan during 2023.

Is this a key decision?	Yes
Do the exempt information categories apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	3

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