

Report to Cabinet

15th February 2023

Subject:	Housing Revenue Account 30 Year Business Plan
Director:	Director of Housing, Gillian Douglas
Contact Officer:	gillian_douglas@sandwell.gov.uk

1 Recommendation

- 1.1 That Cabinet consider and recommend to Council the Housing Revenue Account 30 Year Business Plan.



2 Reasons for Recommendations

The Business Plan is a key strategic document that is necessary for effective management and oversight of the Housing Revenue Account.





It is a financial plan that sits alongside and is complementary to the council's Medium Term Financial Strategy.

3 How does this deliver objectives of the Corporate Plan?

Good quality, safe and suitable housing underpins all objectives with the Plan. But specifically relates to the Quality Housing objective.

	Best start in life for children and young people The Housing Revenue Account supports the provision of training flats for young people
	People live well and age well



	The Housing Revenue Account supports the provision and extra care housing meeting a diverse range of housing needs that support residents to live independently.
	Strong resilient communities The Housing Revenue Account resources our tenant engagement framework which ensures our tenants can influence and participate in the continuous improvement of our landlord service offer.
	Quality homes in thriving neighbourhoods The Business Plan sets out how the Housing Revenue Account budgets will be used over the short, medium and long term in order to manage, maintain and improve the stock and ensure that tenants enjoy decent, safe and suitable housing in good quality neighbourhoods.
	A strong and inclusive economy The Housing Revenue Account supports the provision of money and welfare advice to tenants
	A connected and accessible Sandwell

4 Context and Key Issues

- 4.1 The Housing Revenue Account (HRA) is a ring-fenced income and expenditure account for council housing and sits separately to the council's other budgets. The income comes from the rents and service charges that tenants pay. There is also a level of borrowing to supplement income. The expenditure relates to the operational costs of management, maintenance, repairs and debt costs (interest and repayments). The HRA is also used for new build and major refurbishments through its capital programme.
- 4.2 It is important that the council as a major social landlord has a 30 year Business Plan in place to ensure the sustainability of the HRA and to set out how we will deliver council housing services in Sandwell. The Plan links to the council's Housing Strategy which is being revised and redeveloped in response to the Housing Needs Assessment 2022. The Plan also refers to the Housing Asset Management Strategy which is due for renewal and will be developed in the next 12 months, showing our plans for maintenance and investment as well as safety compliance and the delivery of energy efficiency improvements to homes.



- 4.3 On 7th December Cabinet approved a report recommending that rents be increased by 5% in 2023/24. The Government had set a cap on rent increases at 7% following national consultation on this issue. It has been necessary to increase Sandwell rents, but the increase is well below inflation. The collection of the rents is essential to ensuring that we can continue repairing and maintaining the stock to decent homes standards and deliver necessary improvement programmes.
- 4.4 There are a number of factors that need to be taken in to account in reviewing and amending the Plan in future years including:
- The results of the 14,000 stock condition surveys that we are about to procure in order to build a more accurate picture of the quality of the stock. This data will inform future investment plans. Procurement will start in January 2023.
 - The new Decent Homes Standard is expected imminently and there will be investment implications as a result of the new requirements.
 - The cost of ensuring compliance with new building safety legislation, including the Building Safety Act 2022 which is being phased in from 2023.
 - Improving energy efficiency and the journey to net zero carbon. The council's climate change strategy and work programme has identified that an estimated £600m would be needed to completely retrofit the stock. Like other social housing providers, we would need external funding to achieve this.
- 4.5 In order to meet housing need in the borough the council plays a key role in affordable housing delivery and the HRA is used to part fund this delivery. However, there are limitations on how much we can invest and borrow for the delivery of new build. We also have to balance the needs of existing tenants and improvements to the existing stock with the wider demand for social housing. Having considered these factors we have built in to the Plan an increased level of capital spend for new build over years 2 to 5 of the Plan while ensuring that borrowing is within safe levels and that there is no reduction in the investment we can make in existing stock.



- 4.6 Consultation on the Plan has been undertaken with key stakeholders Sandwell Community Information and Participation Service (SCIPs), the Tenant and Leaseholder Scrutiny Group and the Safer Neighbourhoods and Active Communities Scrutiny Board. The consultation responses welcomed the work done to develop a long-term financial plan and noted the competing demands arising from maintaining the current stock and the ambition to invest in additional affordable homes. Assurances were sought and provided that resources would be available to respond to current customer needs, including the current focus on damp and mould treatment, access to services and building safety measures. The consultation supported the recommendation that the plan is reviewed regularly and in particular to take account of new requirements or refreshed understanding of our stock conditions arising from the factors set out in 4.4 above.
- 4.7 The Plan will be reviewed every 3 years or sooner if there is a change in legislation or policy that we need to build into the Plan.

5 Implications

Resources:	HRA income is of the order of £130m pa. The plan also profiles a capital programme over the life of the plan. It is important to have a 30 year plan that sets out how we will manage income and expenditure and what the priorities are for the HRA.
Legal and Governance:	Local Government and Housing legislation applies to the HRA, ensuring it is a ring-fenced account. The Council is obliged to keep its Housing Revenue Account (HRA) separate from other housing activities in accordance with the Local Government and Housing Act 1989 (as amended) ('the 1989 Act'). In addition, there is a requirement not to allow cross-subsidy to or from, the Council's General Fund resources.
Risk:	Oversight and management of the HRA is essential to ensuring the sustainability of the budget and value for money. Section 4 of the Plan sets out the risks and opportunities.
Equality:	HRA funded services and improvements must respond to the diversity of our tenants and residents



	and reduce inequalities. The HRA will continue to fund adaptations to council owned stock that positively address the needs of disabled tenants. In addition, the HRA will continue to fund housing management and support services that aim to ensure our services are inclusive to all residents and responsive to specific needs. Our HRA funded new build programme also focuses on addressing the needs of residents with learning disabilities, autism and mental health issues in addition to general needs. A full Equality Impact Assessment (EIA) has not been completed for the business plan but will be completed on the strategies and policies that serve to implement the financial assumptions.
Health and Wellbeing:	Decent homes are essential to the health and wellbeing of our tenants and residents. The HRA will fund changes we need to make to service delivery and property investment to ensure compliance with new fire and building safety standards and the Regulator of Social Housing's consumer standards.
Social Value:	Social value considerations are built in to HRA tendering processes for major work projects. The HRA also supports residents into work through our apprenticeship programme and also contributes to the social, financial and digital inclusion of our tenants through targeted interventions funded by the HRA. The HRA also supports the prevention of homelessness through services that support tenants to sustain their tenancies and contributes homes for allocation to our care leavers to fulfil our role as a Corporate Parent.
Climate Change:	All council stock has to be at Energy Performance Certificate (EPC) level C or above by 2030. Under the council's Climate Change Strategy our housing stock should also achieve net zero carbon by 2041. Meeting these targets requires significant investment in the stock and this is reflected in the Plan. However, to achieve net zero carbon we will require external funding as well as use of HRA.

6 Appendices



7. Background Papers

None

