

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

TO:	BDC Council MSDC Council	REPORT NUMBER: MC/21/22
FROM:	Cllr Jan Osborne BDC Cabinet Member for Housing Cllr Lavinia Hadingham MSDC Cabinet Member for Housing	DATE OF MEETING: 25 January 2022 27 January 2022
OFFICER:	Gavin Fisk – Assistant Director Housing	KEY DECISION REF NO. N/A

THE DEVELOPMENT OF HOUSING REVENUE ACCOUNT BUSINESS PLANS

1. PURPOSE OF REPORT

- 1.1 This report sets out the work that has taken place to date to develop robust and financially sustainable Housing Revenue Account (HRA) Business Plans for the period 2022 - 2052 for both Babergh and Mid Suffolk District Councils. It provides an oversight of the consultation with key stakeholders and how this feedback and insight has shaped and developed the plan to date.
- 1.2 This report provides an initial evidence base highlighting the priorities that have been defined for the forthcoming HRA Business Plans. The final plan will be presented to Council in April 2022 along with evidence the plan has been robustly stress tested and which is deliverable both in the medium and longer term.
- 1.3 This report seeks approval to develop plans based on the priorities set out in this report.

2. OPTIONS CONSIDERED

- 2.1 To continue with the current version of the HRA Business Plans, which were adopted in 2017. However, it is felt this would prevent us managing the HRA effectively as many changes have occurred since 2017, including the Climate Emergency declared by both Councils in 2019.
- 2.2 To develop HRA Business Plans that both individually and collectively support both Babergh and Mid Suffolk District Councils Vision for the Housing Revenue Accounts. These business plans will take into consideration the changing external factors, as well as the Councils own aspirations. It will seek to consider opportunities to not only review the financial capacity within the HRA, but the approach and direction to the delivery of Council Housing Services, including meeting the requirements set out in the Social Housing White Paper.

3. RECOMMENDATIONS
3.1 It is recommended that Full Council note the approach that has been taken and the progress that has been made in developing the HRA Business Plans along with the overarching aims as set out in this report.
3.2 It is recommended that Full Council approve the creation of a new HRA Business Plan.
3.3 A final draft of the plan including any financial costings will be presented to Full Council in April 2022, after the 2022/23 budget setting process has been completed.
REASON FOR DECISION
3.4 To provide oversight of the work to date, to develop a financially sustainable HRA Business Plan, including the results of consultation.

4. KEY INFORMATION

- 4.1 The Housing Revenue Account (HRA) Business Plans set out the priorities, plans and actions for council housing over the next 30 years. The HRA Business Plans for both Councils were last revised in May 2017, therefore, it is pertinent that after five years, a fundamental review of the plans and its priorities takes place.
- 4.2 The purpose of such plans is to show that we can maintain our existing housing assets and deliver a quality customer-focused service, as well as improve homes and neighbourhoods, whilst supporting and endeavouring to achieve the visions of the current organisations' key strategies.
- 4.3 An effective HRA Business Plan has become ever more crucial since central government announced the reform of the rules governing local authority housing finance and the introduction of the self-financing system a decade ago.
- 4.4 Work to date on the development of the HRA Business Plans has been focussed heavily on research, this includes ensuring the final version of the plans are specific, measurable, realistic, achievable, and timed.
- 4.5 To do so, research and development has been invested in the organisations proposed '*New Build Design Guide*' and '*Technical Specification*'. Along with far greater intelligence and insight on the energy performance of our existing stock portfolio. This specific piece of work has led to working with the Energy Saving Trust to produce individual reports on every council owned home, which is based on more than 80 separate measures. This work has allowed us to accurately predict the levels of future expenditure and investment required to ensure every Council owned home meets the Government target of EPC C, by 2030.
- 4.6 To ensure the plan is achievable it has required officers to produce a baseline position taking into account actual income and expenditure including planned works.

- 4.7 Summer 2021 saw both tenant, staff and member consultation with more than 2,000 separate survey responses to three separate consultations that is evidenced in section nine of this report. As a direct result of this feedback, we intend that the final version of the HRA Business Plans which will be fully costed will provide the following outcomes for all stakeholders, associated with the Housing Revenue Accounts.

What will our Plans deliver?

4.8 Investing in our Homes

- 4.9 It is intended that we will see significant investment in retrofitting of existing homes to make them energy efficient (EPC Level C), and compliant with existing legislation. With an aspiration to provide additional investment in existing homes to support them reaching a higher level of energy performance above EPC C during the lifespan to these plans.
- 4.10 We will need to make decisions in the future in relation to our stock profile, this could include making decisions on which HRA assets to develop, redevelop, or dispose of to ensure we consistently provide homes which are cost effective to maintain and provide the highest levels of quality for tenants.
- 4.11 Ensure our homes exceed tenants' expectations, this includes the fabric and condition of the home as well as the services they receive. In the future this is likely to include investment in 'smart' technology to allow homes to be monitored for future repair or maintenance or standards e.g. Smart sensors to monitor the boiler or moisture within the home.
- 4.12 Enhanced 'Void' standards which ensure that when empty homes are returned to the Council as a landlord, we are focussed on quality rather than cost and time. In the longer term it is envisaged this will lead to savings on repairs and maintenance and improved levels of tenant satisfaction.
- 4.13 Climate Change**
- 4.14 Investment in all homes to improve overall energy efficiency will be a key focus and will require long term investment beyond historic and existing levels of investment in capital improvements.
- 4.15 This will be led through retrofitting and improved energy efficiency of homes. Supported by practical education for tenants on how to best use and manage the home to gain the greatest benefits, leading to lower energy costs for tenants.
- 4.16 This work will support both organisational and Suffolk wide Climate change ambitions, which will be complemented by greater levels of Biodiversity within our estates and neighbourhoods. A practical example of this approach could be community allotments, which provide a sense of place and belonging, and which exceed tenants needs.

4.17 Building and Buying New Council Homes

4.18 There will continue to be ambition to build or acquire additional new homes, through the development of the HRA Business Plans, the Councils will be able identify how many new homes it can build and develop over the medium term. These new homes will be developed by using the New Build Design Guide and Technical Specification. Whilst the Councils will continue to work with Homes England to obtain funding through the Affordable Homes Programme, which will enable more homes to be developed than solely funding development via the HRA.

4.19 An emphasis on good quality design, energy efficiency, low running costs, sustainability, and the use of modern methods of construction, where appropriate.

4.20 Right to Buy receipts will be used efficiently ensuring they are maximised and contribute effectively to any affordable housing programme.

4.21 Whilst there will continue to be a focus on new homes, the Business Plans will focus on how the HRA's and the council housing service makes efficient use of existing homes through for example, incentives to downsize.

4.22 Within the housing portfolio opportunities will continue to be reviewed through acquisition, disposal, and remodelling, of existing HRA assets to maximise revenues and minimise the cost of maintenance, repair and renewal of stock which is poorly performing.

4.23 Improving the service we provide to our tenants

4.24 It is imperative that we continually improve on existing levels of service and performance. We must ensure that every single tenant feels listened to and satisfied with the service they receive, whilst identifying BMSDC Landlord services as being exemplar in its approach to placing Tenants at the 'Heart' of what we do including decision making.

4.25 This will require a greater emphasis on performance, scrutiny, and satisfaction ensuring building safety and compliance at all times with regulation and Housing law.

4.26 We will learn from every complaint. Measuring satisfaction in real time and ensure we do not only meet the new regulatory framework and standards as set by the Regulator of Social Housing but exceed them.

4.27 Improving our Neighbourhoods

4.28 We know all stakeholders identified improvements that could or should be made through the consultation. Therefore, this is an area that we will identify and target to ensure improvements for which tenants identify and benefit from. To support this important work and to take account for the variety of neighbourhoods throughout the two districts a Neighbourhoods Strategy will be developed to provide an overarching approach.

4.29 We will develop a programme to reduce the number of garages in areas where there is low demand and utilise this space for alternative uses e.g., additional parking, housing solutions or amenity land.

- 4.30 Improve existing car parking provision and develop the opportunities for Electrical Vehicle (EV) charging.
- 4.31 Increased Biodiversity and Environmental Improvements.
- 4.32 Improved quality of estates through enhanced standards and quality which may be achieved through effective service charging, where appropriate.
- 4.33 These and other measures and improvements will aim to ensure neighbourhoods are identified as being safe, secure, pleasant, enjoyable and fun to live within, which leads to increases in tenant satisfaction as a direct result.
- 4.34 **Involving Tenants in running of the service**
- 4.35 We will ensure that through the business plans there are opportunities for active decision making for tenants through a person-centred approach.
- 4.36 Development of an innovative Governance model that could introduce a Housing Board (equivalent to our Companies or a Housing Association Board) with officers, tenant/s, members and key specialists actively involved and part of decision making, performance and the development of the service in the long term.
- 4.37 Delivery of an action plan that supports a model of engagement that places tenants at the heart of decision making (in line with Tenant Participatory Advisory Service (TPAS) accreditation).
- 4.38 **Digital Transformation**
- 4.39 The service will move to a cloud-based software system, which enables greater flexibility for staff and tenants and creates efficiencies.
- 4.40 We will support more tenants with both the skills and tools to embrace digital methods as a result of direct feedback from our digital skills survey. This will enable and encourage users of the service to self-serve 'on the go'. For those that desire, we will provide digital tenancies that are more intuitive and that negate the need to use traditional communication channels to engage with the landlord service, providing a greater level of self-serve on the go than is currently available.
- 4.41 Whilst the use of digital tools and technology will support staff to manage the service effectively e.g., Using digital dashboards to provide a clear picture of performance in 'real time' along with greater functionality using tablets and software.

5. LINKS TO CORPORATE PLAN

- 5.1 Homes and Housing is one of the six key priorities within the Joint Corporate Plan and plays a significant role in achieving the Council's overarching vision to build 'great communities with bright and healthy futures that everyone is proud to call home'.
- 5.2 The intention is to ensure that the Councils own Housing stock and its tenants are supported through the Business Plan to maintain our housing stock and continue providing good quality, sustainable council homes, which meet a range of needs for today and for future generations. We will do this by:

- 5.2.1 Achieving and maintaining high standards of housing management and effective tenant involvement;
- 5.2.2 Assisting people in housing need to access social housing; Support vulnerable tenants in maintaining their tenancy and living independently;
- 5.2.3 Responding to and pre-empting changing demand patterns by maintaining a balanced portfolio of housing which addresses a wide range of needs;
- 5.2.4 Increasing the environmental sustainability of our housing stock
- 5.3 Our work is inherently about the provision of safe, affordable and decent homes, which support people’s quality of life, sense of place and identity. The HRA Business plans must therefore prioritise the way all of its Housing services operate and how we can influence others to play their part.
- 5.4 The Housing Revenue Account Business Plans will signpost to the other strategies in the Corporate Plan that play a key role in delivering Council Housing outcomes and which enables our tenants to feel empowered to have their say in how their homes are managed and to ensure everyone has accommodation they are proud to call home.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no direct financial implications associated with this report. However, the implementation of the HRA Business Plans will have financial implications for both Councils.
- 6.2 The plans coming forward in April will include actual income and expenditure both now and projected going forward, along with evidence to support the plans as to what is and what is not affordable and how the finite income associated to the HRA Accounts will be apportioned to meet both the medium term aims of these plans for the period 2022 – 2027 and the long term aims for the period 2022 – 2052.

7. LEGAL IMPLICATIONS

- 7.1 There are no legal implications of this report.

8. RISK MANAGEMENT

- 8.1 This report is most closely linked with the Council’s Corporate / Significant Business Risk No. 13. We may be unable to react in a timely and effective way to financial demands. Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Failure to develop a financially sustainable HRA Business plan could lead to in year deficits and an inability to provide an effective Housing service in the long term	1 – Highly Unlikely	4- Disaster	Regular monitoring of the HRA Business Plan through effective budget monitoring and budget setting. Approved by Cabinet.

			<p>The use of specialist external consultancy to act as a critical friend and business support.</p> <p>The use of a independent business model which ensures all medium and long-term income and expenditure is recorded</p>
<p>Failure to accurately identify and plan for all future investment and expenditure could lead to the Councils being unable to provide both the quality of accommodation and landlord services that everyone expects</p>	2 - Unlikely	4 - Disaster	<p>Research, profiling and insight into future costs of investment and expenditure have been conducted using specialist support.</p> <p>The plan articulates where legislation requires a specific approach going forward</p> <p>Budgets are monitored on a monthly basis and monitored through quarterly outturn reports with a robust budget setting process</p>
<p>The HRA Business Plan is not relatable to by its stakeholders and hence does not achieve the outcomes and goals desired</p>	2 - Unlikely	3 – Bad/Serious	<p>Consultation has taken place with all stakeholders. Research has taken place on what the plan needs to achieve to provide the highest levels of service to tenants and to be an exemplar.</p>

9. CONSULTATIONS

- 9.1 During a period in the second half of 2021 there were a total of 619 consultees that responded to an online survey (584 tenants, 27 Staff and 8 Members). A further 14 took part in a virtual workshop.
- 9.2 The following seven areas were identified in priority order with details of the key issues identified during the consultation.
- 9.3 Investing in our current homes
- 71% of respondents did not feel we invested enough in existing homes.
 - Improving home insulation, installing environmentally friendly heating systems and upgrading doors and windows were the priority investment items identified for all existing homes.

- 9.4 Climate change
- 70% of respondents felt we should be doing more to address climate change.
 - Improving the energy efficiency of homes should be the top priority.
- 9.5 Building and buying new Council housing
- Consultees were concerned about a lack of local affordable housing.
 - Building more homes and encouraging under occupiers were considered the most effective ways to increase supply of affordable homes.
- 9.6 Improving the services, we provide our tenants
- Staff thought Housing Officers should visit tenants in their home once a year; tenant preference was for only when requested.
 - 83% of tenant respondents did not want the Housing Service to provide non-housing advice
- 9.7 Improving our neighbourhoods
- 87% of tenants like the neighbourhoods they live in. The friendliness of existing communities was particularly highly valued.
 - Lack of car parking was the issue tenants were most unhappy about.
 - Staff and Members felt neighbourhoods looked untidy or unkempt and poorly maintained.
- 9.8 Involving tenants in the running of the housing service
- 56% felt tenants should be given more opportunities to be involved.
 - 61% of tenants did not feel listened to.
 - Digital surveys were the preferred method for tenants to have their say (however, this may be because this consultation exercise was digital, therefore, those without digital access were not as represented).
- 9.9 Digital Transformation
- There was generally a low awareness of the online 'My Home' portal amongst tenants and Members
 - Only 28% of tenants had signed up to the 'My Home' portal
 - Tenants mainly use it to contact a member of the housing service
 - 46% of staff said they actively promote Digital channels to tenants
 - Not being aware of the My Home portal was the main reason for not signing up
 - Being able to book and track repairs was the favoured feature to add to the My Home Portal.
- 9.10 A further 1,500 separate surveys were received in relation to Sheltered Housing and Digital Access and Skills of tenants. These results will help shape further changes to our 'offer'.

10. EQUALITY ANALYSIS

- 10.1 There are no equality and diversity implications arising directly from this report, at this stage. When specific projects are identified as part of the final version of the HRA Business Plan screening, and where necessary, full Equality Impact Assessments will be carried out.

10.2 It should be noted that a key component of the Business Plans will be to ensure equality and diversity as well as ensuring anyone with a protected characteristic is supported whilst as a tenant of Babergh or Mid Suffolk District Councils.

11. ENVIRONMENTAL IMPLICATIONS

11.1 There are no environmental implications arising directly from this report, at this stage.

11.2 It is intended that there will be positive environmental implications associated with the HRA Business Plans, specifically, that of our existing Carbon Reduction Management Plan and Bio-Diversity Plan and the emerging wider Environmental Strategy.

11.3 This will include:

11.3.1 Improving the existing energy efficiency of all council owned homes ensuring that every home meets an Energy Performance Certificate (C) by 2030;

11.3.2 All existing council owned homes are carbon neutral (wherever possible) by 2050;

11.3.3 New affordable housing built in the future by the Councils will be delivered to the highest levels of energy performance and standards achievable (on a scheme-by-scheme basis);

11.3.4 Along with ensuring HRA amenity land provides greater levels of biodiversity which will support and enhance the natural environment and the wellbeing of local communities.

12. APPENDICES

12.1 None

13. BACKGROUND DOCUMENTS

13.1 None

14. REPORT AUTHORS

14.1 Gavin Fisk – Assistant Director Housing