

Lewisham Homes Interim Business Plan 1 October 2023 – 31 March 2024

THE FUTURE OF LEWISHAM HOMES

Lewisham Homes has been a proud partner of Lewisham Council since its inception in 2007; managing and maintaining 19,000 homes on behalf of Lewisham Council.

Following a review of the way that housing management is delivered in the borough, Lewisham Council took the decision in December 2022, to terminate its management agreement with Lewisham Homes, effective 1 October 2023.

However, whilst the management and maintenance responsibility for nearly all Lewisham homes returned to the Council, there are currently 203 properties which remain under the care of Lewisham Homes, and therefore it is necessary for the company to set an interim business plan for the period 1 October 2023 – 31 March 2024 to ensure that there is clarity in terms of how the company will operate and what its residents can expect.

Lewisham Homes remains a not-for-profit organisation with a mission to provide safe, quality homes, deliver efficient services and enhance the life chances of its residents.

This interim Business Plan has been prepared to align with the Council's Corporate Strategy 2022-2026; a strategy that is ambitious for Lewisham but compassionate for the people it serves. This Business plan covers the six month period from 1 October 2023 to 31 March 2024. The next business plan brought forward will be for the financial year 1 April 2024 – 31 March 2025.

Quality housing is explicitly one of the seven priorities identified by the Council. It is also both integral and implicit to delivery of the other six.

- Quality Housing
- Cleaner and Greener
- A Strong Local Economy
- Children and Young People
- Safer Communities
- Open Lewisham
- Health and Wellbeing

Our vision:

- To create thriving communities and places people are proud to call home

To deliver our mission and vision we will:

- Ensure our homes and services are safe and compliant
- Meet our residents' service expectations
- Deliver a more personalised service based on needs
- Demonstrate our effectiveness, value for money and social impact

OUR SERVICES TO RESIDENTS

The residents housed in the properties which remain under the care of Lewisham Homes will continue to receive the same services as they did prior to the termination of the management agreement.

The management of these properties will be managed under the same regulation and polices as the housing stock now managed by Lewisham Council. These are summarised as follows:

Improving the quality of our Homes and Estates & Keeping Residents Safe

Across the housing sector, the last two years have seen an increase in residents' expectations from maintenance services and a change in the volume and nature of the demand for repairs; our experience mirrors the national trend, which includes increasing numbers of complaints and disrepair cases. This has coincided with the media spotlight on property condition. Our stock condition survey undertaken in 2019 and 2020, brought into sharp focus the condition of many of the ageing properties in Lewisham, which required significant investment. This will be kept in sharp focus for the remainder of the financial year.

- **Damp and Mould**

We will continue to build on the work already underway in Lewisham to invest more in tackling damp and mould, make it easier for customers to report, and take swift remedial action to put things right. Added to this we are helping prevent damp and mould in the first place through effective communications, and by working in partnership with our residents through use of smart technology to proactively manage cases.

- **Asset Management**

Our priority is keeping our residents safe and during 2023. Major investment will be undertaken on fire safety, building safety, lift and door entry. We will continue to deliver on decent homes and major works that support this. This includes replacing windows, doors, roofs, and preventative maintenance.

We are working with our contractors to make our homes more sustainable and lower our carbon footprint also. Grants continue to be applied for to assist us to commit to further works such as better insulation and moving away from gas boilers to more sustainable energy such as ground and air source heating.

- **Environment**

Having consulted residents extensively in 2022/23, we will be developing more waste containerisation schemes and rationalising our bulky household waste collection offer. We also plan to prototype different caretaking offers in areas where there is resident support. Post-transfer there will be opportunities for closer working. Waste management is an area where Lewisham Council will be

investigating opportunities for how this service could integrate to deliver better services for residents.

- **Keeping Residents Safe**

Keeping residents safe will remain a top priority for Lewisham Homes. As a result of new regulations for buildings in scope of the Fire Safety Act 2022, we will set out a new regime to undertake checks on all flat front doors in blocks five stories or more. Ongoing safety checks continue to take place with gas safety checks being undertaken in residents' homes annually. There is 100% compliance within this area alongside undertaking fire risk assessments, asbestos checks, electrical testing, water hygiene and servicing lifts in all communal areas.

As a result of the introduction of the Building Safety Act 2022, properties within Lewisham Homes will continue to benefit from the roll out of the Resident Engagement Strategy and to work with all residents in high-rise buildings (at least 18 metres in height, or with at least seven stories). Lewisham Homes will have access to the dedicated Building Safety Resident Engagement lead, and we will be looking to engage and consult with residents on building safety and how their building is managed.

OUR FINANCIALS

The company has prepared a new balance sheet, profit and loss account and cashflow for 1 October 2023.

The company will continue to pay the required interest payments to the Council on the £40m of loans advanced to it to purchase the 153 properties remaining under its management. The accounts will include the necessary depreciation charge for the assets.

The company will purchase almost all of its services from the Council, which will be considered to be VATable services. The company will also pay corporation tax on its profits.

The draft Business Plan financial accounts have been based on agreed cost models used previously between Lewisham Homes and the Council or market assumptions where appropriate.

The company is forecast to remain cash positive by circa £400k per annum, however the inclusion of the depreciation charge means that an annual deficit of circa £220k will be shown in the accounts after corporation tax. The £400k per annum will be retained to meet lifecycle costs as they arise and is considered sufficient and appropriate for this purpose. This position will be monitored, tested and adjusted appropriately based on actual costs arising.

The 153 properties owned by Lewisham Homes have recently been valued at £47.6m, therefore this gives a positive balance sheet balance of circa £7.6 million.

From 1st April 2024 the properties will be revalued on an annual basis, which should offset most of the depreciation charge each year. Therefore it is forecast that the Company will be a going concern and it is not expected to require financial support from the Council, other than continuing with the existing arrangements for the £40 million of loan agreements that are existing arrangements.

For audit purposes the Council will need to provide a letter of support each year including confirmation that it does not intend to call in the £40m loan, which is standard practice for subsidiary Companies.

The forecast cashflow also considers the impact of the transitional arrangements and activities and it is estimated that in undertaking these either on behalf of itself, the Council or jointly, that the Council will need to make a monthly cash advance of up to £1.5m, although this is expected to reduce significantly by January 2024. At the end of each month all costs will be reconciled, any costs falling to the Council will be netted off against the cash advance, with any costs attributable to the company and any unspent funds returned.

The tables below show the forecast Income Statement for the year ending 31 March 2024 and the forecasted Balance Sheet as at March 31 2024.

Lewisham Homes Limited
Statement of Income & Expenditure Profit and Loss
Account
For the Year Ending 31st March 2024

TURNOVER	
Rental Income	3,308,565
Cost of Sales	<u>-1,252,008</u>
GROSS PROFIT	2,056,557
Administrative Expense	-146,244
Depreciation	<u>-642,337</u>
OPERATING PROFIT	1,267,976
Interest Payable	<u>-1,347,600</u>
PROFIT BEFORE TAXATION	-79,624
Tax on Profit	-140,678
LOSS FOR THE FINANCIAL YEAR	<u>-220,302</u>
Gain on Revaluation of tangible assets	650,000
RETAINED EARNINGS	<u>429,698</u>

Lewisham Homes Limited
Balance Sheet
For the Year Ending 31st March 2024

£

FIXED ASSETS

Tangible Assets 47,664,663

CURRENT ASSETS

Cash at Bank 150,561

CREDITORS

Amounts falling due within one year -158,178

NET CURRENT ASSETS

-7,617

TOTAL ASSETS LESS CURRENT LIABILITIES

47,657,046

CREDITORS

Amounts falling due more than one year -40,000,000

NET (LIABILITIES)/ ASSETS

7,657,046

CAPITAL AND RESERVES

Retained Earnings

7,657,046