



Housing Select Committee

Report title: Housing Revenue Account (HRA) Business Plan

Date: 6 June 2022

Key decision: Yes.

Class: Part 1

Ward(s) affected: All

Contributors: Fenella Beckman, Director of Housing Services

Outline and recommendations

Housing Select Committee are asked to note the report and the presentation which will be given at the 6 June Committee meeting and to provide comments.

Timeline of engagement and decision-making

6 June 2022	Presentation to Housing Select Committee members

1. Summary

- 1.1. This report introduces a presentation to be made to Housing Select Committee members regarding the development of a Housing Revenue Account Business Plan.

2. Recommendations

- 2.1. Housing Select Committee are asked to note the report and presentation which will be given at the meeting and to provide comments.

3. Policy Context

- 3.1. The contents of this report are consistent with the Council's policy framework. It supports the achievements of the Corporate Strategy objectives:
- 3.1.1. Tackling the housing crisis – Everyone has a decent home that is secure and affordable.
- 3.2. The contents of this report support the achievement of the following Housing Strategy 2020-26 objectives:
- 3.2.1. Delivering the homes that Lewisham needs;
 - 3.2.2. Improving the quality, standard and safety of housing.

4. Background

- 4.1. Statutory requirements as to the keeping of a Housing Revenue Account (HRA) are contained in the Local Government and Housing Act 1989. The provisions include 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.
- 4.2. A HRA business plan is assessed across a 30-year period so as to understand the long term financial implications of changes in the capital programme, legislative change and other strategic decisions. It is updated to include the impact of known forecast changes, Government policies, capital plans, funding arrangements and risk factors.
- 4.3. The main focus is on the medium-term (five years) as there is more certainty on costs, demands, resources and pressures, which allows housing investment to be prioritised. Medium term planning is also needed in order to take account of the Council's strategic objectives and how Government policies may impact rents, disposals and regeneration.

5. Developing our HRA Business Plan

- 5.1. In order to inform and facilitate the production of the Plan, meetings have been arranged to date with key stakeholders, including the Cabinet Member for Housing

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(Pre-May 2022 election), and officers from the Council, Lewisham Homes and the PFI.

- 5.2. Lewisham Homes has produced a draft Asset Management Strategy for 2021 to 2026. This is based on a Stock Condition Survey that was carried out during 2019 and 2020 and was reported in early 2021. The draft Asset Management Strategy prioritised fire safety works, maintaining decency, planned maintenance and cyclical programmes. The following items were not included:
 - 5.2.1. Planned lift replacement
 - 5.2.2. Meeting the Council's climate emergency ambitions to achieve EPC ratings of B or above
 - 5.2.3. Environmental improvements that will be required to comply with the new consumer standards regulation
 - 5.2.4. Lifecycle maintenance for Large Panel System blocks.
- 5.3. The Council is therefore working with LH to finalise it's a joint Asset Management Strategy taking into account the need to address the points set out at 5.2. The new Asset Management Strategy will set out our priorities for managing our stock and will ensure that the costs are budgeted for in the Housing Revenue Account.
- 5.4. The Council wishes to upgrade its stock so that all dwellings have a SAP rating of A or B. However, there are 851 properties where achieving a grade above C would not be possible and there is no budgetary provision for this policy on the grounds that the upgrades may be funded by government grants. The Council is therefore carrying out a review of the 851 properties where achieving a grade above C would not be possible, and is assessing the potential costs of the zero carbon policy with a view to establishing an appropriate contingency in the business plan.
- 5.5. Following discussion at Housing Select Committee, a draft HRA Business Plan will be developed to consider the options that are available to the Council to balance the Housing Revenue Account in the long-term. It will later be incorporated into the Council's established financial monitoring and reporting processes and a report presented to Mayor and Cabinet for approval as part of the Council's budgets and MTFS process from February 2023.

6. Financial implications

- 6.1. The Housing Select Committee are asked to note this report and presentation on the development of the Housing Revenue Account Business Plan and to provide comments. As such, there are no direct financial implications arising from this report.
- 6.2. Developing a 30-year Business Plan for the Housing Revenue Account will consider the strategic priorities for the service and take account of the Capital and Revenue requirements arising from those priorities. The plan will contain a key set of assumptions such as investment needs, future inflation rates and rental assumptions. It will be the key tool for ensuring a viable longer-term strategic approach is taken for managing the service.
- 6.3. The Business Plan should demonstrate if the investment proposals are fundable, subject to the assumptions within the plan, and that the HRA remains sustainable and viable over the 30-year period. The plan will need to be updated regularly to take account of legislative and financial changes and mitigations identified at an early stage where affordability issues arise.

7. Legal implications

- 7.1. The HRA business plan is the Council's strategy for spending and borrowing: to

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maintain its stock, operate services for its tenants and leaseholders, and design and build new council homes. As with any other business plan, it must show that the Council has clear proposals for achieving its objectives and that these are financially viable in the short, medium and long term. Having an HRA Business Plan that is approved by Mayor & Cabinet, based on reasoned assumptions and an underlying financial model, forms the basis of good governance and sound financial management.

8. Equalities implications

8.1. There are no anticipated equalities implications.

9. Climate change and environmental implications

9.1. Investment in the stock, financed by the HRA will be required in order to meet minimum standards going forwards in order to meet certain climate change and environmental impact considerations.

10. Crime and disorder implications

10.1. There are no anticipated crime and disorder implications.

11. Health and wellbeing implications

11.1. There are no anticipated health and wellbeing implications.

12. Report author and contact

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