
Housing Business Plan

2023-2053

**How are we
doing?**

**Challenges
ahead...**

**Your views
matter**

The Business Plan

A long-term plan for your home

The Council's Housing Business Plan is a 30-year plan which works out the cost of providing services and compares this with the income we get from rents.

What is this document about?

This document is a summary of the full Business Plan which we have updated to reflect changing economic circumstances and new regulatory requirements. A copy of the full Business Plan is available on request.

Every year the Council sets a budget for its Housing Service and adjusts its long-term projections regarding the cost of delivering services, including managing and maintaining your home. Every five years the long-term projections are updated in greater detail. This is what the 2023-2053 Business Plan does.

The last time the Plan was updated in full was in 2018, and at that time, there were multiple challenges facing the Council and its tenants. Universal Credit was being introduced, negotiations regarding Brexit were incomplete, and, in response to the tragic Grenfell Tower fire, the Social Housing Green Paper had set out how the Government intended to better regulate social housing with a greater emphasis on the safety of tenants. Our 2018-2048 Business Plan recognised these challenges and uncertainties, and we reflected these, as much as we could, in the plan's assumptions and financial forecasts.



The technical stuff

When the Council receives income from your rent and when it spends money on things like repairs and maintenance, it records where the money comes from and where it goes. The Council does this in its financial accounts and for housing, it has a specific way of doing this. All money from council housing rents and all spending on managing and maintaining your home is recorded in something called the '*Housing Revenue Account*'. Only money received from, and spent on, council housing can be recorded in this account. It is separate to the other accounts the Council keeps, which record spending on other services which are paid for by your Council Tax. The Business Plan describes the long-term financial health of the Housing Revenue Account. It takes a 30-year view of how income and expenditure on council housing might change over time and describes what the Council needs to do to make sure that there is enough money to continue to manage and maintain your home.

What has changed since the last Business Plan?

Since 2018, there have been more challenges than we anticipated.

Leaving the European Union (EU) proved to be difficult and culminated in a General Election. COVID-19 arrived in the UK in late 2019, during the height of Brexit negotiations and not long after the Council approved its Business Plan. Responding to the practicalities of dealing with the pandemic became a new Council priority in 2020, and long-term planning was put on hold. Between March 2020 and March 2021, the Country experienced varying degrees of 'lockdown' to stop the spread of the COVID-19 virus. By the late Spring of 2021, the worst of the restrictions had been lifted, and the Country and Tamworth started to get back to some degree of normality. In February 2022, COVID restrictions were lifted in England, nearly two years after the first lockdown was put in place.

Unfortunately, COVID has left a legacy which is affecting our long-term business planning. During the pandemic, Government spending grew significantly to support people and businesses. Government borrowing increased and the Bank of England pumped more than £450bn into the economy to ensure that prices and interest rates did not become unstable during lockdown.

As if a pandemic was not enough, in 2022, Ukraine was invaded by Russia. This has had a similar worldwide effect and has resulted in further upward pressure on energy and food prices in Europe. The impact is felt directly by our residents who have seen sharp increases in the cost of living.

The impact of these global events is now being felt in the form of significant inflation, which must be considered when the Council makes assumptions and forecasts as part of its business planning process. Simply put, we now need to plan for higher prices of goods, services and materials.



Social Housing Regulation

The Social Housing (Regulation) Act 2023 became law in late 2023 and will come fully into effect in April 2024. Our 2023-2053 Business Plan now needs to reflect the requirements of the new Act, which will require the Council to

- Ensure relevant staff are professionally qualified.
- Designate a named officer with responsibility for overseeing the health and safety of its tenants.
- Assess the condition of its housing stock on a more regular basis.
- Use standard measures for customer satisfaction, and
- Publish more information on its performance.

The new Act also strengthens the role of the Regulator of Social Housing, (a government department responsible for monitoring the performance of social housing landlords like

Tamworth). This will be achieved through regular inspections of the largest landlords, with the potential for unlimited fines for landlords who do not comply with the new standards.

The new Act will also enable the Regulator to set strict time limits for social housing landlords to address hazards such as dampness and mould.

These measures should improve the quality of social housing in England. Complying with the measures will have significant financial implications, and the Council has reflected this in the new Business Plan.



Key Points

- The Council records all income and spending on council housing in an account called the 'Housing Revenue Account'.
- Every year, the Council sets a budget for its Housing Service and adjusts its long-term projections regarding the cost of delivering services, including managing and maintaining your home.
- The Business Plan takes a 30-year view of how income and expenditure on council housing might change over time and describes what the Council needs to do to make sure that there is enough money to continue to manage and maintain your home.
- The Council updates its projections each year, and every five years it produces a new Business Plan.
- There have been lots of changes since the last Business Plan was prepared in 2018, and the new Business Plan reflects some of these changes.

How are we doing?

Our achievements.

Our last Business Plan covered 2018-2023, and we have achieved quite a lot in that time. Some things we wanted to achieve have been delayed, but we aim to tackle them in the next few years.

Business Plan Achievements

- We reviewed the Allocations Policy to make sure that people most in need could get access to council housing.
 - We completed the redevelopment of Tinkers Green and the Kerrier Centre creating 96 new homes.
 - We reviewed the sheltered housing service to ensure that it remained fit for purpose. An action plan was created in 2018/19, and this has been completed.
 - We renovated around 162 kitchens, 107 bathrooms, and re-roofed 67 properties each year.
 - We responded to national recommendations on Fire Safety by installing sprinkler systems in all multi-storey blocks and by carrying out works to bin chutes and fire doors. We also appointed a dedicated High-Rise Coordinator to ensuring that fire safety actions are quickly addressed.
 - We introduced specialist management support to tenants living in flatted accommodation at Eringden, minimising instances of anti-social behaviour.
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- We acquired twenty-five new rented homes from private developers and purchased a further 43 existing properties via the open market. This helps to offset the loss of council properties due to the Right to Buy.
 - We reviewed all council garage sites and decided which ones to keep and improve and which ones to dispose of. Since 2021, we have spent around £2m to refurbish garage sites that are to be retained. Works have included demolition of existing garages, resurfacing the hardstanding areas and provision of new larger garages that can accommodate modern vehicles.
 - We repaired and relet around 300 vacant council homes and carried out more than 12500 repairs each year.

Things carried forward...

- Develop Service Standards and implement these for all activities delivered in Tamworth's Neighbourhoods.
- Review the use of Fixed Term Tenancies.
- Devise and implement a Value for Money Strategy that will identify and deliver the savings / increased income that the Business Plan requires.
- Effectively use the *Housemark* cost and performance benchmarking service to improve performance. (*Housemark* is an organisation that provides information on good performance to housing providers).
- Transparently review all General Fund recharges to the HRA to ensure that Tenants bear only those costs that are applicable to them and that the cost of services charged to the HRA is reasonable.
- Improve customer satisfaction with the Landlord service and with the repairs and maintenance service in particular.
- Improve Leaseholder consultation arrangements – especially for major works and service charges.

New things to do...

- Assess the condition of the Council's housing stock on a more regular basis.
- Appoint and support a named senior officer with responsibility for overseeing the health and safety of the Council's tenants.
- Improve the energy efficiency of the Council's Housing stock.
- Develop and implement plans to 'de-carbonise' (or reduce the amount of CO2 emitted by) the Council's housing stock.

Key Points

- We managed to achieve quite a lot despite the impact of the COVID-19 pandemic.
- We have not forgotten about the things we could not achieve. These have been carried forward and will be addressed over the next few years.
- The Council has new targets to meet because of government legislation and these are also now included in the new Business Plan.

Challenges ahead

OK, for now...but

Our Business Plan is ok for now. In the next 10-15 years, we have enough money to do what we need to do, but after that, it gets a bit more difficult.

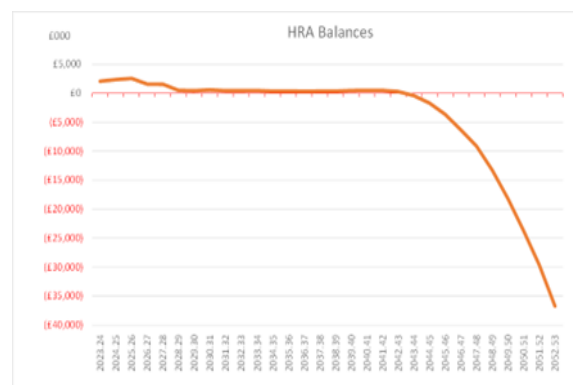
Business Plan Assumptions

The new Business Plan is based on the following assumptions.

- Rents paid by existing tenants increase at the maximum rate currently permitted by the Government. This is inflation +1% for 2024/25 and inflation only from 2025/26.
- Rent loss from vacant properties has been assumed at 1% of gross rents from 2028/29. Rent loss from bad debts has been assumed at 1.43% from 2027/28 in line with the Council's existing budgets.
- Other day-to-day income and expenditure have been assumed in line with the Council's existing budgets.
- The Council expects to spend around £38,400 on major works per property over the next 30 years.
- An allowance has been made for work to reduce the amount of CO2 generated in council housing.
- The plan allows for 39 new homes to be built or acquired for rent by 2027/28 at a cost of £6.737m. After that, there is no provision for new build or acquisitions.

An allowance has also been made for cost pressures arising from new legislation – the Social Housing Regulation Act 2023 and costs of projects which aim to make long-term savings in the Business Plan.

Allowing for these assumptions, it is expected that until 2042, the Housing Revenue Account will have enough money to meet all its planned expenditures and to maintain reserves (or 'Balances') of £0.5m each year as a cushion in case of unexpected problems.



After 2042, however, spending outstrips income, and the Council would have to use its reserves to meet ongoing expenditure. This can only happen for a short while, after which time the Housing Revenue Account would go into deficit, which is not allowed.

It might seem tempting to wait until 2042 to tackle this problem, but the Council cannot do this as it also has to monitor how well it can repay any borrowing it has taken out to meet the costs of things like major works and energy efficiency improvements.

By 2053, at the end of the Business Plan 30-year period, the Council expects to need to borrow up to £387m to meet the cost of works to improve tenants' homes. The interest on this borrowing must be repaid from rents, and as the amount borrowed increases, so does the interest due. The Council monitors how well it can repay the interest on its borrowings, and when this becomes an issue, it has to do something about it.

For Tamworth, the amount of interest that must be repaid on borrowing starts to become an issue in 2038, so waiting until 2042 is not an option.



Key Points

- The Business Plan is okay for the next 10-15 years, and the Council can meet all planned expenditures from the income it expects from rents and service charges.
- After 2042, the level of reserves (or 'Balances') in the Housing Revenue Account will fall below a prudent amount, and if nothing changes, the Housing Revenue Account will go into deficit, which is not allowed.
- Waiting until 2042 to do something about this is not an option. The Council has to take action earlier because interest payments on borrowing to meet the cost of improvements start to become a problem earlier - from 2038.
- The Council has a sound Business Plan in the medium term but in the next few years, it needs to start to identify ways, or raising money or cutting expenditure, so the Housing Revenue Account does not fall into deficit.


Balancing the books

What are we doing about it?

Our projections show that, in the longer term (years 15-30), costs included in the Business Plan start to exceed income from rents, and the Council has to decide how to 'balance its books'.

There are several choices available for the Council, but essentially, they boil down to increasing income or reducing expenditure (or a mixture of both).

Some of the things that might be considered include:

- Reviewing all internal processes to make them more efficient. This could include ways of carrying out repairs, applying for housing, collecting rents, managing contractors, etc.
 - Adjusting rent policy so that an additional charge can be made when re-letting homes that benefit from lower heating energy bills.
 - Making sure that only tenants who receive particular services (like heating) pay for them, rather than have these costs met by all tenants.
 - Making the case to the Government and others for additional funding to help pay for the cost of energy efficiency / 'de-carbonisation' works.
 - Ensuring that all schemes for the delivery of new homes are only approved if they help the Business Plan and do not require long-term subsidy from existing tenants.
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- Re-prioritising or rescheduling elements of the authority's investment programme.
 - Letting a small number of new tenancies on a higher 'Affordable Rent' rather than on a Social Rent.
 - Applying for grants or other external funding to help reduce costs to the Council.
 - Making efficiency savings of around 2% per year from existing budgets.
 - Reducing services or making savings that tenants identify following consultation.
 - A combination of the above actions.

The Council would welcome your initial thoughts on the options suggested above. You can use the form on the last two pages of this leaflet to give us your views.

Your views matter

Tell us what you think.

We will consult with you over the next 2-3 years and give you more information on the options we are exploring. In the meantime, you can contact us to ask questions and tell us what you think.

We have decided not to make any major decisions at the present time. This is because:

- the future is more uncertain than normal, and
- we have the time to investigate all options that will help make the Business Plan sustainable in the medium to long term.

Some options are likely to be difficult to explain, and some may be unpopular for particular tenants – so we don't want to rush things. We want to take the next 2-3 years to explore all the options to increase income or reduce costs (or both) and to discuss the options with you.

To do this, we intend to establish the **'Housing Revenue Account (HRA) Viability Project'**, which will capture all the options and your views and ideas on them. The project will be led by Tina Mustafa, Assistant Director Neighbourhoods supported by staff from within the housing service and across the Council.



We are hoping that you will tell us what you think in a variety of ways.

- Use the feedback form at the end of this leaflet.
- If you have any general comments or ideas on how the Council could save money in delivering its services to tenants, you can send a letter or e-mail to Tina at the addresses below.
(Insert a dedicated PO box and e-mail account address here)
- If you have not already joined the database of tenants who want to be more involved in the housing service, you can do this online at <https://mytamworth.tamworth.gov.uk/do-it-online/apply-for-it/tenant-involvement-database-online-registration/>
- When we have specific proposals to discuss, we will publicise these online and formally consult with the Tenants Consultative Group and other umbrella organisations. For some options, we will write to you directly to explain the proposals and to tell you how to give your views.
- You can also talk to your local Councillor about your ideas and tell them what you would like them to pass on to Tina and her team.

Your Feedback

Please use this form to give us your *initial* thoughts about the choices mentioned on page 9.

When you have made your comments and suggested which options the Council should explore first, please tear off this page and send it to Tina Mustafa, Assistant Director Neighbourhoods, at Tamworth Borough Council, **FREEPOST XXXXXXXXXX**

Thank you.

General Comments / Questions

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A bit about you

Are you a <i>(please circle)</i>	Tenant	Leaseholder		
Your age: <i>(please circle)</i>	18-24	25-49	50-65	Over 65
Your sex:	Male / Female			
Do you have a disability?	Yes / No			
Your Ethnicity: <i>(please circle)</i>	White British, Irish or Other			
	Black or Black British			
	Asian or Asian British			
	Mixed			
	Other <i>(please describe)</i>			
			

Your Priorities for the Council to investigate.

Please rank the options below 1-10, with 1 being the most important and 10 the least important area for the Council to investigate.

Possible Actions	Your Priority
Reviewing all internal processes to make them more efficient.	
Changing policies on Service Charges to make them fairer.	
Ensuring that new initiatives are only pursued if they benefit the business plan.	
Letting a small number of new tenancies on a higher 'Affordable Rent' rather than on a Social Rent.	
Making efficiency savings of 2% each year.	
Adjusting rent policy so that an additional charge can be made when re-letting homes that benefit from lower heating energy bills	
Lobbying the Government for more funding.	
Rescheduling elements of the authority's improvement programme (i.e. improvements to Council homes).	
Applying for grants to reduce the cost to the Council of Services and Improvements.	
Reducing non-essential services for tenants.	

Thank you for giving us your views. We will publish a summary of your priorities in a future edition of ***Open House***.