



Housing Revenue Account Business Plan

2023-2053

Tamworth Borough Council

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Introduction & Foreword

Portfolio Holder for Housing and Planning

This document sets out the Council's plans and ambitions as a landlord over the next thirty years. Our plans, developed in consultation with tenants, reflect the Council's corporate priorities and support the objectives it has set in the 2020-2025 Housing Strategy and the 2006-2031 Local Plan.

The Council last undertook a comprehensive review of the Housing Revenue Account (HRA) Business Plan in 2018. At that time, we explained that 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 housing regulation would be overhauled with a greater emphasis on the safety of tenants. Our Business Plan recognised these challenges and uncertainties and we reflected these, as much as we could, in the plan's assumptions and financial forecasts.

Concluding negotiations to leave the European Union (EU) proved to be difficult. A new Government was elected in December 2019 and in January 2020 the UK finally exited the EU. Much attention was given to this uncertain period however something far more challenging was already evolving,

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. By March 2020 suspected cases of COVID-19 had become confirmed cases and the first wave of the pandemic had started. Restrictions on travel and public events were implemented and in the course of the following months, the Council began to respond to the practicalities of dealing with the pandemic. Long term planning was put on hold while the immediate task of supporting vulnerable residents became a new corporate priority.

Between March 2020 and March 2021, the Country experienced varying degrees of

'lockdown' in an attempt 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.

A new, more infectious but less serious variant of the virus emerged in the Autumn, but with the benefit of vaccines, the impact was much less severe. In February 2022 COVID restrictions were lifted in England, nearly two years after the first lockdown was put in place.

I thought it important to recount the above because of the unprecedented degree of disruption the pandemic caused – generally and for the Council's housing service. Looking back at what the Council achieved must be seen in the light of such an extraordinary period.

Unfortunately, the pandemic 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.

The impact of these measures 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. To put it simply, we now have to plan for higher prices of goods, services and materials.

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.

So, the last few years have been quite a challenge.

Looking to the future we have a mixture of certainty and uncertainty. On one hand we now have more information on the proposals for social housing regulation which were announced in the Green Paper back in 2018.

The Social Housing (Regulation) Act 2023 has now been passed and has implications for Tamworth. An enhanced regulatory framework should provide greater assurance to tenants but is also likely to increase the costs of delivering services.

On the other hand, there is the inevitable uncertainty associated with a potential change in Government in 2024. On a positive note, this could result in a change in Government policies on the rents Councils can charge or in the Council being able to access new sources of funding which would help the Business Plan. This is particularly important in relation to the costs of improving the energy efficiency of our housing stock and reducing the amount of CO2 it produces.

Less optimistically, new legislation could place even greater responsibilities of Council's at a time when resources are already stretched. A new Government could also change the way the Country interacts with the EU. We simply do not know what the implications will be at this time.

Despite these challenges and uncertainties, the new Business Plan indicates that in the short to medium term (the next 14 years), the HRA is reasonably healthy. This is because costs have been kept under control for many years and the housing stock has been relatively well managed.

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

There is a little time before major decisions have to be taken and the Council is proposing to use the next 2-3 years to properly investigate all options. This will hopefully mean that when key decisions are taken, there is more certainty in relation to Government policy, our relationship with the EU and there is more stability in the economy.

The Council will still have to make some decisions and will not be waiting for 2-3 years before it considers solutions that will either increase income or reduce non-essential

expenditure. We will be consulting with tenants when there are specific proposals and adjusting our forecasts if these are agreed.

Our new Business Plan reflects these challenges and uncertainties and the approach described above. The Plan is laid out in five main sections covering:

- Our reflections on the Borough and on the past plan.
- Our aspirations for the future.
- How we plan to match our aspirations with our resources.
- The actions we will take to deliver our plans.
- How we will monitor our new plan.

The Council remains committed to ensuring that its tenants live in safe and decent homes, receive quality services and have opportunities to influence the way in which the Landlord Service operates.

Over the course of the next few years, we will continue to focus on delivering core services well and achieving value for money. Our new Business Plan is a key part of this, and I believe that by working in partnership with tenants and other social landlords in the Borough, the Council will continue to be able to offer our tenants a service that meets both current and future expectations.

**Chair of Housing & Homelessness
Advisory board**

To insert text proposed by Chair.

Chair of Tenants Consultative Group

To insert text proposed by Chair.

Reflecting:

About Tamworth

Tamworth is located in the southeastern corner of Staffordshire and bordered by Warwickshire to the South and East. The Borough is situated 18 miles from the Birmingham conurbation and is on the edge of the West Midlands greenbelt.



The Borough is only 12 square miles in extent - making it one of the smallest in England. It is almost exclusively urban in nature with limited areas of countryside within its' boundary.



Population

Just before the Council produced its original Housing Revenue Account (HRA) Business Plan, the population of Tamworth was approximately 76,800. Ten years later, in 2021 the Census indicates that the Borough's population had increased by 2.3% to 78,600. This small increase in population was less in Tamworth than in the rest of the West Midlands (6.2%) or in England (6.6%).

In the past 10 years the proportion of people aged 65+ has increased more than the average across English Council areas. This increase is also reflected in future projections with the proportion of residents aged 65+ expected to increase from 20% in 2021 to 24.7% in 2043.

In contrast, there has been a modest fall in the proportion of younger residents, with a 2.7% decrease in the population aged 15-64.

The most recent (2018) estimates for future overall population change suggest a small reduction in the Borough's residents by 2043; however, this estimate may be revised as the 2021 Census data is taken into account.

The Borough's aging population has implications for the Council and private housing stock mix together with the demand for disabled adaptations and other services tailored towards older people.

Changing demographics are not directly addressed in the Housing or Asset Management Service Plans at present, however, senior officers are keeping levels of demand for services under constant review. Should there be a significant change in the level of demand for services, budgets can be revised.

Housing



Of the approximately 32,900 occupied homes in Tamworth at the time of the 2021 Census around 68% of properties were owned and 32% were rented:

Of the properties that are owned

- 33.34% are owned outright.
- 33.65% are owned via mortgage.
- 0.71% are occupied via Shared Ownership.

Of the properties that are rented

- 14.11% are privately rented.
- 12.48% are rented from the Council.
- 5.54% are rented from Housing Associations
- 0.17% are occupied rent free.

In 2017 a review of housing conditions in the private sector was undertaken by the Building Research Establishment (BRE). This found that:

- 14% of owner occupied and private rented properties and 17% of private rented properties had Category 1 Hazards under the Housing Health and Safety Rating System (HHSRS)
- 6% of private rented properties had very poor energy efficiency ratings (Energy Performance Certificate below band E)

In 2023 the Department for Levelling Up, Housing and Communities published an analysis of the 2019 English Housing Survey focusing on the level of decency and the

prevalence of Category 1 Hazards across all tenures. The results for Tamworth indicated that:

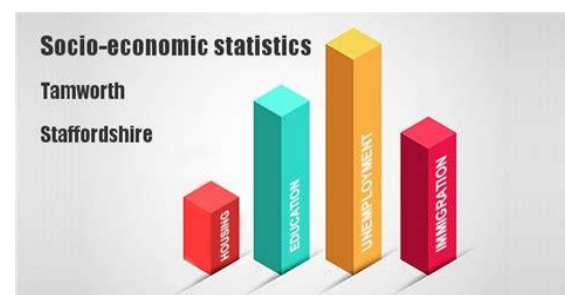
- 13.8% of the owner-occupied housing stock was 'non-decent'.
- 15.8% of private rented housing was 'non-decent' and
- 11% of social rented (Council and Housing Association) properties were 'non-decent'.

The analysis also suggested that:

- 8.1% of owner-occupied properties had Category 1 Hazards
- 11.3% of private rented properties had Category 1 Hazards and
- 5.5% of social rented (Council and Housing Association) properties had Category 1 Hazards

These two analyses indicate that there is still a need to invest in both private and social rented housing to address the problems of non-decency and safety. However, in its 2022 Housing Statistical Return, the Council reported that it only had one 'non-decent' property in its HRA stock.

Economy



Around 87% of the Borough's population aged 16-64 was economically active as at March 2023. This is a higher proportion than seen in other Local Authorities in the West Midlands (77.5%) and in Great Britain (78.4%).

As of August 2023, only 3.4% of the Borough's population aged 16-64 were claiming Universal Credit. Again, this is lower than seen in other Local Authorities in the West Midlands (4.9%) and in Great Britain (3.7%).

Workers living in Tamworth tend to be only marginally less well paid compared with their

contemporaries in Great Britain. In 2022, the average gross weekly pay for a full-time worker in the Borough was £639 compared with £642 in Great Britain.



Implications for the New Plan

- The effects of global shocks – the Covid-19 pandemic and the war in Ukraine are still being felt, in the form of price inflation which adversely impacts the business plan.
- Land availability for new affordable housing is limited by the size of the Borough.
- The Borough’s population is ageing, and this will have implications for future levels of care and support.
- Housing conditions in the private sector are not good. This impacts the demand for social housing within the Borough.



Housing Demand & Supply

Housing Register & Council Vacancies

When the original HRA Business Plan was prepared in 2012, there were 2104 households on the Council’s Housing Register. In 2018 when the Business Plan was last revised, the number of households expressing a demand for social housing had fallen and there were only 1337 households on the Housing Register:

Year ending 31 st March / 1 st April*	Households on the Housing Register	Council properties becoming vacant each year
2012	2104	251
2013	1783	291
2014	1727	304
2015	1625	288
2016	1598	218
2017	1500	283
*2018	1337	263
*2019	1511	274
*2020	1415	301
*2021	451	347
*2022	513	289
*2023	401	290

As of September 2023, there were only 387 households requesting social housing in Tamworth.

Between 2012 and 2020 there was a significant reduction in the numbers of applicants on the Housing Register. This was highlighted as a possible risk in the last Business Plan as it could lead to a lack of demand for Council properties and longer periods where properties are empty.

In 2019 the Council reviewed its Allocations Policy and from June 2020 only households with a housing need are included on the register. The reduced number of households shown from 2021 onwards is therefore a

reflection of a more focused assessment of 'need' as opposed to expressed 'demand'.

A more detailed analysis of the Housing Register shows that there is a considerable need for one bedroomed Council homes. Of the 387 applicants on the Housing Register in September, 156 (40.31%) were requesting 1 bed properties.

No of Bedrooms Requested	No of Applicants on the Housing Register	% of Applicants
1	156	40.31%
2	92	23.77%
3	83	21.45%
4	46	11.89%
5	8	2.07%
6	2	0.52%
All	387	100%

Around 84% of applicants requesting 1 bed property are aged under 55 and 16% are aged over 55. Despite an aging population, it appears that at present there is a limited demand for smaller sheltered housing properties.

The new HRA Business Plan assumes that performance in relation to the time taken to relet empty homes improves but declining numbers of applicants on the Housing Register represents a risk that this improvement may be hard to achieve.

In 2022/23 284 households were assessed as Homelessness in Tamworth, of which 283 were owed a prevention or relief duty by the Council. While these may seem to be large numbers, in comparison with the rest of England the number of households assessed as homeless as a% of the population of the Borough is actually quite small (Tamworth - 1.22 /1000; England 6.56/1000)

Of the 387 applicants on the Housing Register as of September 2023, xxx were homeless households for whom the Council had accepted a duty to provide accommodation.

Council Housing Vacancies

Year ending 31st March	Council Housing Stock	Council Stock becoming vacant each year	Council Stock Turnover %
2018	4215	263	6.24%
2019	4211	274	6.51%
2020	4260	301	7.07%
2021	4322	347	8.03%
2022	4318	289	6.69%
2023	4294	290	6.75%

Over the past six years, an average of 294 council properties became vacant each year. This is just under seven percent of the Council's housing stock. If Council stock turnover continues at the current level, there should be sufficient vacant properties to meet the needs of applicants on the Housing Register within a reasonable waiting time.

If vacancies continue to increase and numbers on the Housing Register continue to fall, the Council may experience difficulty finding tenants to occupy its properties, so this is a risk for the Business Plan which needs to be kept under review.

New Housing Supply

The adopted Local Plan (2006-2031) sets a target for Tamworth to deliver 177 units of new housing each year. This is more than the 141 units that is required using the standard methodology for assessing housing needs and currently reflects a plan for growth. The Local Plan is currently being revised and it is possible that the lower level of new housing need may be adopted going forward.

Of the 177 units of new housing each year around 41% (73 properties) will need to be developed in partnership with neighbouring authorities as Tamworth does not have sufficient land to enable all required new homes to be built within the Borough.

Local Plan Policy HG4 requires that of the 177 new homes each year, 40 will be affordable.

The new HRA Business Plan provides sufficient resources for 39 new Council homes to be developed over the course of the next five years. After this no new council homes can be funded via the HRA.

Implications for the New Plan

- If the number of people 'in need' on the Housing Register continues to fall (as it has done since 2021), the Council may find it is unable to relet empty homes quickly.
- There is an ongoing requirement to ensure that the size and type of homes available matches the demand expressed via the Housing Register
- After 2028 there will be no funding within the HRA which can be used to help the Council meet its current Local Plan target of 40 new affordable homes per year
- If a lower level of housing need is used when the new Local Plan is adopted, the target number of new affordable homes required is likely to fall to around 32 units per year. This would reflect a projected reduction in the Borough's population.

The Council's Housing Stock

As at April 2023, the Council's stock comprised 4,294 homes to rent, 400 leasehold properties and 1134 garages. Of the 4,294 homes, 57% are houses, 29% are flats or maisonettes, and 235 (5.5%) are bungalows.

A further 8.5% are sheltered accommodation located in 10 separate schemes and comprising a mixture of flats and bungalows.

1791 properties (41.7%) are of non-traditional construction. These include:

- 6 high-rise blocks on the Balfour Estate and comprising 348 1 and 2 bedroomed flats.
- 448 Crosswall, 314 Timber Frame, 264 Wates; 150 Laing Easiform; 149 Wimpey No Fines; 52 HSHG Timber Frame, 42 Concrete Block and 24 Airey properties.

The number of properties categorised as 'non-traditional' (1791) is considerably larger than in the last Business Plan (1029). The difference arises from including Crosswall and Timber Frame properties in the non-traditional definition together with loss of stock over the past five years.

Tamworth's Council housing stock is spread across the Borough with particular concentrations in the electoral wards of

- Stonydelph (698 properties)
- Glascote (564 properties)
- Leyfields (447 properties)
- Amington (405 properties)
- Town Centre (392 properties)



Implications for the New Plan

The construction type, location and mix of properties in Tamworth have implications for the Investment Programme and Business Plan.

- The Council is required to ensure that all of its properties are energy efficient and has an Energy Performance Certificate (EPC) of at least level C by 2035. Meeting this requirement will be challenging when the Council has a large proportion of non-traditional housing which is typically less energy efficient.
- The Council is also required to 'decarbonise' its housing stock by 2050. This will require additional energy efficiency measures – over and above those to ensure homes have an EPC rating of C and above. Again, meeting this requirement will be challenging when the Council has a large proportion of non-traditional housing which is typically less energy efficient.
- Non-traditional housing requires periodic inspection to ensure that it remains structurally sound. The revised number of these properties will impact on budgets for periodic inspection.
- The high number of garages and sites needs to be kept under review to ensure that costs of provision do not outweigh benefits
- In Electoral Wards where there is a higher concentration of Council Housing, the condition of Council housing is particularly visible. Adequate investment is required to benefit not just the properties themselves but also the general area.

The type of rented housing also has implications for management costs within the Business Plan.



- Higher numbers of sheltered and flatted accommodation bring additional management costs arising from enhanced support to residents and the resources required to manage anti-social behaviour.
- Sheltered and flatted accommodation tend to be surrounded by communal land and facilities (parking, drying areas etc.) which require annual maintenance.
- Leasehold stock can require additional specialist resources to manage if service charges are to be calculated correctly and collected.
- The Council's sheltered housing stock requires periodic updating to ensure that it remains attractive to older potential and existing tenants
- Specialist equipment in sheltered housing (e.g. warden call system) requires periodic renewal.
- High rise flats have particular safety requirements that need to be robustly managed (e.g. Fire Risk and Lift Maintenance)

Our Last Business Plan

The Council's original HRA Business Plan was prepared in 2012 and was updated in 2018.

Our 2018 Business Plan explained how the Council would, over the next thirty years, meet the costs of

- Managing the housing service on a day-to-day basis
- Investing in the Council's housing stock, and
- Developing new affordable housing

The plan allowed for the costs of running the housing service, including staffing, computing, financial support etc. It also included the costs of contracts for delivering grounds maintenance and other estate-based services and an allowance for bad debts that would need to be written off if they were not recoverable from former tenants.

The Plan also provided the funding to enable a number of service improvements to be undertaken, including

- Updating the Business Plan annually and ensuring that the annual HRA budget reflects the Business Plan.
- Developing Service Standards and implementing these for all activities delivered in Tamworth's Neighbourhoods.
- Reviewing the use of Fixed Term Tenancies.
- Devising and implementing a Value for Money Strategy that identified and delivered the savings/increased income that the Business Plan required.
- Reviewing the sheltered housing service to ensure that it remained fit for purpose.
- Transparently reviewing 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.
- Reviewing the Tenant Involvement & Asset Management Strategies

- Effectively using the Housemark cost and performance benchmarking service to improve performance.
- Improving Leaseholder Consultation arrangements
- Reviewing the current allocations policy and proactively assessing the demand for social housing and projected supply having regard to falling numbers of applicants on the Housing Register

The 2018 Business Plan also anticipated that we would

- Carry out around 12,800 day-to-day repairs each year.
- Inspect the electrical systems of 572 homes each year.
- Renew or provide smoke detectors in 483 properties each year.
- Ensure around 283 properties meet the Council's Lettable Standard when they become vacant each year.
- Renew the fencing of up to 285 properties each year.
- Replace/renew 228 gas central heating systems each year.
- Replace/renew 242 kitchens each year.
- Replace/renew 142 bathrooms each year.
- Fully rewire 140 homes each year
- Renew the fascias, soffits and rainwater guttering and downspouts of 114 properties each year.
- Re-roof 85 homes each year.

Funding for the following estate-based regeneration initiatives was also contained in the Business Plan:

- Improvements to garage sites.
- Repairs and improvements to Strode House car park and garages.
- Redevelopment of Tinkers Green, the Kerria Centre and Kettlebrook.

Finally, the Plan had sufficient capacity to enable the Council to develop new homes on former Council garage sites and acquire properties on the open market. In total it was anticipated that this would result in around **60** new homes being available to rent. (n/b this is

based on £9.8m /160k per prop – what were TBC’s assumptions?)

In broad terms, in the period 2018-2023, the plan envisaged spending

- £34m on day to day service delivery,
- £19.8m on maintaining and improving the Council’s housing stock,
- £13.2m on regeneration and
- £9.8m for the development of new homes (£7.4m for garage site redevelopment and £2.4m for acquisitions).

Reflecting on progress against the 2018 Business Plan it is notable that

Xx

Xx

Xx

xx

Our Achievements

Housing Service Plan

Resources in the business plan were allocated to the following activities:

- Update the Business Plan annually and ensure that the annual HRA budget reflects the Business Plan

How did we do?

We updated the Business Plan annually however the annual HRA budget departed from the Business Plan as follows

- We spent more on Tinkers Green and Kerrier regeneration projects,
- We did not spend any money developing new homes on garage sites,
- We spent less money on acquiring existing properties,
- Our Investment programme focused on improving the services in the Town Centre multi storey properties and less on traditional component replacement.

- Develop Service Standards and implement these for all activities delivered in Tamworth’s Neighbourhoods

How did we do?

This work was deferred due to the impact of COVID-19 and the re-prioritisation of resources. It will be included in the 2024/25 Neighbourhoods Service Plan.

- Review the use of Fixed Term Tenancies

How did we do?

This work was deferred due to the impact of COVID-19 and the re-prioritisation of resources. It will be included in the 2024/25 Neighbourhoods Service Plan.

- Devise and implement a Value for Money Strategy that will identify and deliver the savings / increased income that the Business Plan requires.

How did we do?

This has not progressed. The Council is not required to meet the Regulator of Social Housing's Value for Money Standard and it does not have a corporate or service specific Value for Money Strategy. This will be considered as part of the 2024/25 Corporate and Service Planning process.

- Review the sheltered housing service to ensure that it remains fit for purpose.

How did we do?

The sheltered housing service was reviewed by EROSH in 2018/19, an action plan was created, and this has been completed.

- 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.

How did we do?

This was not progressed but will be addressed as part of the Council's renewed commitment to participate in Value for Money Benchmarking via Housemark.

- Review the Tenant Involvement & Asset Management Strategies.

How did we do?

This work was deferred due to the impact of COVID-19 and the re-prioritisation of resources. The Tenant Involvement Strategy will be revised in the light of the new consumer standard of *Transparency, Influence and Accountability* and will be included in the 2024/25 Neighbourhoods Service Plan. The Asset Management Strategy will also be reviewed once the results

of a new stock condition survey are known in 2024.

- Effectively use the Housemark cost and performance benchmarking service to improve performance.

How did we do?

Tamworth is a full member of and benchmark its performance across 15 areas on a monthly basis. However, we have not been able to participate in Value for Money performance benchmarking yet.

- Improve Leaseholder Consultation arrangements.

How did we do?

No significant changes were made to consultation with leaseholders in the life of the last BP. The Council did undertake consultation on Qualifying Long-Term Agreements for the Wates and Equans contracts but there is no Leaseholder Forum yet. Consultants have been engaged to independently review leaseholder matters in 2023/24.

- Review the current allocations policy and proactively assess the demand for social housing and projected supply having regard to falling numbers of applicants on the Housing Register

How did we do?

We reviewed the allocations policy. There are now fewer applicants on the Housing Register but the applicants that remain registered are more clearly those in housing need.

In addition, we set the following objectives:

- Improve customer satisfaction with the Landlord service and with the repairs and maintenance service in particular.

How did we do?

Overall customer satisfaction remained static at 78% and satisfaction with the repairs service fell from 95% to 85.55%

in 2022/23. Satisfaction with cleaning in communal areas also fell from 87% to 76% over the life of the Business Plan.

- Improve its management of the Investment Programme - providing greater certainty to tenants and contractors regarding future works to the housing stock.

How did we do?

No significant changes were made to the management of the Investment Programme between 2018-2023. This was due to lack of capacity within the Asset Management Team and work associated with re-tendering the planned and response maintenance contracts. Additional limitations were imposed by existing IT systems and the absence of a clear Asset Management Strategy. These are being addressed in 2024/25 although resources for programme planning are still problematic.

- Respond to the recommendations on managing Fire Safety arising from the Hackett Review.

How did we do?

We installed automatic fire suppression (sprinkler) systems in all multi-storey blocks and carried out works to bin chutes and fire doors to reduce the risk of fire spreading. We appointed a dedicated High-Rise Coordinator with responsibility for ensuring fire safety actions were quickly addressed and we updated the Health and Safety booklet for tenants in High Rise blocks.

- Ensure that available vacant Council homes are allocated to those in greatest need.

How did we do?

We reviewed the Allocations Policy in 2019 and from 2020 only applicants with a housing need could join the Housing Register.

- Provide specialist management support to tenants living in flatted accommodation, minimising instances of anti-social behaviour.

How did we do?

In 2018 we implemented a pilot scheme Eringden which provides enhanced housing management support via an on-site resident support officer. This scheme is due to be reviewed in November 2023.

We also appointed a High-Rise Coordinator responsible for estate management and fire safety in the Town Centre High Rise flats.

- Enable older tenants to successfully continue to live in their homes.

How did we do?

Between 2018 and 2023 the Council has adapted 286 of its properties to better meet the needs of tenants with physical disabilities. Many of these adaptations are for older tenants with impaired mobility within their home.

- Ensure that operating costs and overheads are competitive and represent value for money.

How did we do?

- Deliver efficiency savings across all activities undertaken by staff and external contractors.

How did we do?

- Continue to work with partners to jointly assess need and deliver services to groups of tenants that require specialist support.

How did we do?

- Ensure that adequate resources are available to enable to develop and implement relevant strategies.

How did we do?

Progress against projects identified in the last Business Plan was significantly affected by the need to focus resources on other priorities which arose between 2018 and 2023. The most important of these was the Council's response to the COVID-19 pandemic but also included the need to respond to new legislation including the Building Safety Act 2022 and the emerging requirements of the Social Housing Regulation Act 2023. In respect of the latter, the Council established a comprehensive Social Housing Regulatory Programme comprising 8 projects designed to ensure the Council is ready for the new regulatory regime commencing in 2024.

HRA Investment Programme

As part of the Business Plan, the Council approved a 30-year Investment Programme of £298m in September 2018.

In the absence of current stock condition data, the 30-year programme was developed using anticipated lifecycles of building components which needed to be renewed over time. While it was anticipated that there might be some variances in actual budgets each year, the 30-year programme was evenly profiled. This profile assumed that the council's actual budget for 2018/19 would form the basis of programme year 1, and thereafter the profile was based on 1/29th of the 30-year total for expenditure over the life of the Business Plan.

Excluding regeneration and stock acquisition, the Council planned to spend around £49.7m to maintain and improve its own stock between 2018 and 2023. Progress against individual elements of the Investment Programme is shown below:

Programme Element	Expected Annual Activity	Actual Annual Activity
Day to day repairs (Excl Gas)	12,800 repairs	12,664 repairs
Inspect electrical systems	572 homes	771 homes
Renew or provide smoke detectors	483 homes	689 homes
Ensure vacant properties meet the Council's Lettable Standard	283 homes	300 Homes
Renew fencing	285 homes	█
Replace/renew gas central heating systems	228 homes	159 homes
Replace/renew kitchens	242 homes	162 homes
Replace/renew bathrooms	142 homes	107 homes
Rewire	140 homes	█
Renew the fascia, soffits and rainwater guttering and downspouts	114 homes	█
Re-roofing	85 homes	67 homes

Estate Regeneration



Work to regenerate Tinkers Green and the Kerrier Centre was completed in 2021.

At Tinkers Green, seven blocks of three / four storey maisonettes comprising 100 properties were demolished to create 96 new homes. The new properties comprise 30 two-bedroom apartments, 44 two-bedroom houses, 19 three-bedroom-houses and three four-bedroom houses.



At the Kerrier Centre, 36 properties - again three/four storey maisonettes, were demolished to create 44 new homes on the same site. The new properties comprise eight one-bedroom apartments, four two-bedroom apartments, 24 two-bedroom houses and eight three-bedroom houses.

Overall the redevelopment of these two estates provided a net increase of 4 rented homes.

(nb Photographs are illustrative and need to be checked to show the right estate etc)



New Social Housing

In addition to the net increase of 4 new rented homes arising from the redevelopment of Tinkers Green and the Kerrier Centre, the Council's HRA has funded the acquisition of 25 new rented homes from private developers.

(insert photo of the Coton Lane properties)

In April 2018, the Council agreed to purchase six two bedroomed houses at Coton Lane from Cooper Homes, at a cost of £746,500 which was funded via the HRA.



The Council has also acquired 43 existing properties via open market purchases, and these are now part of the HRA rented stock.

In August 2022 the Council agreed to purchase 16 flats, eight, two bedroomed houses and 6 bedsits at Wilnecote from Capstone Alliance Ltd, at a cost of £4,995,500. This again was funded via the HRA. The properties will be available for letting from October 2023.



(insert plans and pictures)

Improving Garage Sites

The HRA Business Plan included significant resources to improve garage sites.



In the last Business Plan, it was noted that steady progress had been made to address the need for investment in its garage sites. A total of 19 sites had been gifted to other social housing providers to facilitate new build projects, and around 600 garages located under flats and maisonettes had been refurbished.



Between 2018 and 2021 the Council spent around £367k demolishing and re-providing garages at Leisure Walk and Sunset Close. A further £382k was spent improving the car park and garages at Strode House.



Since then the remaining garage sites that were underutilised and/or needed further investment, have been appraised and in June 2021 the Council agreed a programme of investment or disposal for alternative use.



Between 2021 and 2023 the Council has 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.



Decent Homes

At the time the last Business Plan was prepared, the Council was reporting that only

40 properties (0.9%) failed the Decent Homes standard.

As of 31st March 2022, only one Council property failed to meet the Decent Homes Standard. In 2024 the Council is undertaking a survey of the condition of all its properties. This will provide an updated assessment of the number of non-decent Council properties.

Environmental Improvements

The last Business Plan provided £8.5m for environmental improvements to communal areas over the life of the Business Plan. This amounted to £283k per annum or around £1.42m for the period 2018-23.

Town Centre Development

The Business Plan supported the Council's Town Centre Masterplan and Gateway Project through continued investment in the six multi-storey blocks on the Balfour estate.

In 2018/19 work to renew balcony screens and stairwell windows was successfully completed and the feedback was extremely positive. The blocks were also redecorated internally, including painting the walls and providing new floor coverings. In 2019/20 the passenger lift at Weymouth House was renewed and in December 2019 the Council completed its programme to install sprinkler systems in each of the high-rise blocks.

In 2020/21 the Council commenced an ongoing programme to renew flat doors in 348 multi-storey properties. New front doors with a 30-minute fire resistance were provided and the programme was completed in 2021/22

In 2022/2023 the Council replaced the soil and ventilation pipes in the six town-centre high-rise blocks at a cost of £2.725 million. The original cast iron soil and ventilation pipes that had been in place since the blocks were constructed in the 1960s were renewed. Some 348 homes benefitted from the work.



Aspiring:

Corporate Priorities

Tamworth – celebrating our heritage, creating a better future.

The Council's Corporate Plan – 2022-2025 has five strategic priorities:

- The Environment
- The Economy
- Infrastructure
- Living in Tamworth
- The Town Centre

The HRA Business Plan supports all of these strategic priorities and for over four thousand households, it is a key component of the fourth priority – Living in Tamworth.

Warm, Safe and Decent Homes

Warm, Safe and affordable housing continues to underpin the Council's actions to protect the environment and respond to Climate Change.

The HRA Business Plan provides the resources necessary to ensure that all council homes are energy efficient. This means all council homes will have an Energy Performance Certificate of level C or above by 2035.

For the first time, the Business Plan also contains resources necessary to support plans for council homes to support the Government's plans for 'net zero' emissions of carbon dioxide by 2050. This is sometimes called '*decarbonising the housing stock*'. Over the course of the next 27 years, the Plan provides £113m to enable the Council to replace existing gas heating with electric air source heat pumps, upgrade insulation and provide more efficient hot water storage cylinders in its properties. These measures should further improve the energy efficiency of Council homes.

As with previous plans, the new Business Plan includes funding for the planned renewal and upgrading of windows, doors, roofs and other structural components of council homes. The Council's Investment Programme also includes funding for cyclical maintenance to building

services – to ensure that properties continue to meet the *Decent Homes Standard*, the Council's *Lettable Standard* and relevant Health and Safety legislation.



High Quality Services

The Council remains committed to delivering high quality services and it recognises that the Social Housing (Regulation) Act 2023 should help to drive customer expectations and service performance upwards.

The new Act will require the Council to

- Ensure relevant staff are professionally qualified.
- Designate a named officer with responsibility for overseeing 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.

It will also

- Strengthen the Regulator of Social Housing enabling regular inspections of the largest social housing providers and granting the power to issue unlimited fines to rogue social landlords,
- Provide the Regulator with powers to set strict time limits for social housing landlords to address hazards such as damp and mold.

The Act also gives more powers to the Housing Ombudsman who is becoming increasingly active in his oversight of standards across the social housing sector.

The HRA Business Plan includes additional resources to address the above. These include additional funds for staff training and budgets for keeping information on the condition of council homes up to date.

New Affordable Housing

The Council aims to directly develop or acquire more affordable housing within the Borough.

The Business Plan contains sufficient resources for 39 units of new social housing to be built or acquired between 2023 and 2028. These units may be located on sites of poorly used council assets, on existing estates or acquired from private developers. A recent review of garage sites identified the following sites where residential development was considered as a possibility:

- Tudor Crescent
- Sutton Avenue
- Borough Road
- Canning Road
- Chestnut Avenue

However, after further investigation, it was determined that due to site constraints, residential development would not in fact be possible on these sites. The Council will therefore look for other locations within its estate where redevelopment opportunities exist and identify suitable properties to acquire on the open market

Safe Neighbourhoods

Tamworth residents have a right to feel safe in the neighbourhood in which they live. The Council spends around £250k each year to provide Community Wardens. The HRA contributed £79k to this service which supports both Tenants and non-tenants. This level of support continues to be built into the Business Plan, however any review of recharges to the HRA may affect future funding.



Town Centre Regeneration

Tamworth's Town Centre is now a key corporate priority, and the Business Plan provides resources to support further investment in Council stock within the Town Centre area. This includes:

- Fencing around the perimeter of Peel and Townsend house to prevent any unauthorised vehicular access.
- Repaving of the area outside the High-Rise Social club as the block paving was uneven and presented a trip hazard.
- Renewal of drainage at the six high rise blocks
- Improvements to the ventilation system to the high-rise blocks
- Renewal of refuse chutes to high rise blocks
- Provision of mobility scooter storage at the high-rise blocks
- Improvement to pump rooms at the high-rise blocks
- Installation of Fire Doors at the high-rise blocks
- Updating telecare systems across all 6 high rise blocks in readiness for the digital switch over in 2025
- Re-procurement of the community lifeline system across all sheltered schemes including Sunset Close sheltered scheme, located near to the town centre.
- Reviewing recycling arrangements across all high-rise blocks, and,
- Assessing the suitability of lighting to the outside entrance area of the communal room at Sunset Close.

Service Delivery

Through the new Business Plan, the Council aims to

- Ensure that adequate resources are available to enable to develop and implement relevant strategies and improvement projects.
- Address matters that were included in the last Business Plan but which were paused because of the COVID-19 pandemic. These include
 - Developing a revised set of service standards.
 - Reviewing the use of Fixed Term Tenancies.
 - Participating in the Value for Money Benchmarking Service offered by Housemark.
 - Developing a Value for Money Strategy either corporately or focusing on Housing only.
 - Reviewing all recharges to the Housing Revenue Account 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.
 - Reviewing the Tenant Involvement & Asset Management Strategies.
 - Improving consultation with Leaseholders when major works are being considered.
- Deliver the actions necessary to ensure that the Council meets the requirements of the Social Housing Regulation Act 2023 including:
 - Improving the currently static level of customer satisfaction with the Landlord service.
 - Improving satisfaction with the repairs and maintenance service and with cleaning of communal areas where levels of satisfaction have fallen.

- Improving management of the Investment Programme - providing greater certainty to tenants and contractors regarding future works to the housing stock.

- Ensuring relevant staff are professionally qualified.

- Appointing and supporting a named senior officer with responsibility for overseeing health and safety of the Council's tenants.

- Continue to enable older tenants to successfully continue to live in their homes.

- Identify and implement efficiency savings across all activities undertaken by staff and external contractors. This is necessary to enable the Business Plan become affordable in the medium term.

(Insert additional plans and objectives from Service Plans)

Stock Investment

Through the new Business Plan the Council aims to

- Assess the condition of its housing stock on a more regular basis.
- Ensure that all statutory requirements for the Council as a landlord are fully met
- Meet and maintain the *Decent Homes Standard* and any revised standard in the Government's programme to improve Social Housing.
- Comply with The Regulator of Social Housing's *Home Standard*
- Improve the energy efficiency of the Council's Housing stock and develop and implement plans to '*decarbonise*' the housing stock.

- Replace key building components on a planned basis so they do not become *'old and in disrepair'*
- Continue to invest in the sheltered housing stock to ensure that it is attractive for current and future older residents
- Work with local Housing Associations to develop new homes on appropriate garage sites.

(Insert additional plans and objectives from Service Plans)

Planning:

Developing the Business Plan

The new Business Plan has been developed over the course of several months during 2023. External consultants were used to comprehensively review the 2018 Business Plan and assess the Council's activities against those we had set out in the 2018 Plan.

The Consultants work included:

- Regular teleconferences with Tamworth staff during the Summer and Autumn of 2023.
- modelling future levels of HRA income and expenditure based on the Council's Medium Term Financial Strategy and assumptions regarding inflation, rents, sales, demolitions and new build stock numbers.
- preparing briefing notes for Senior Officers.
- Briefing the Council's Executive Team.
- Briefing the Portfolio Holder for Housing / Planning and Deputy Leader.
- Attending a meeting of the newly established Housing & Homelessness Advisory board.
- Refining the financial modelling of the Business Plan including production of alternative scenarios reflecting possible financial threats and opportunities.
- Preparing the text of this document, together with a summary of the Business Plan for wider circulation to tenants and residents.

Based on the above, Senior Officers within the Council prepared presentations and reports to the Executive Team, Tenants Consultative Group, Housing & Homelessness Advisory board and Cabinet.

Challenges and Opportunities

In preparing the new Business Plan, the Council has considered the Political, Economic, Social, Technological, Legal and Environmental (PESTLE) factors which will likely affect the Council over the medium and long term. These include:

- The destabilising effect of war in the Middle East.
- The likely results of a General Election and local elections in 2024.
- Ongoing corrections to supply chains and inflation following the COVID-19 pandemic.
- Changes to the labour market and to working patterns initiated by the pandemic.
- Adjustments to UK and international trade following BREXIT and the potential for further changes to arise in the future.
- Universal decline in the financial capacity of HRA's due to past and ongoing financial pressures.
- Projected Population decline in Tamworth.
- The impact of an aging population in the Borough.
- Increased reliance on and use of social media.
- Increased cyber risks and associated privacy issues relating to customer data.
- Electrification of heat and transport networks and the impact of phasing out of natural gas appliances.
- Increased Social Housing Regulation
- Renewed emphasis on Health and Safety for tenants.
- Changes to procurement processes following BREXIT.
- Clean Growth Strategy - Net Zero /Decarbonisation policies.
- The impact of Energy Efficiency (EPC Level C) targets.
- Requirement for further Pandemic planning.

The following opportunities have also been considered:

- The existence of time to properly assess future longer-term changes as the HRA is sustainable in the medium term.
- Possible access to specific funding – for decarbonisation, new burdens etc.
- Access to support for improvement projects via the West Midlands Combined Authority.
- The opportunity to deploy artificial intelligence (AI) and automation as a means of reducing transaction costs.

As part of the Business Planning process the PESTLE analysis was shared with Council Officers and where appropriate, the plan includes financial assumptions which reflect the results. Alternatively, where PESTLE outputs have not been built into financial assumptions, they have been logged as external or internal risks.

Business Plan Assumptions

Stock

There was an opening stock of 4,294 dwellings on 1 April 2023. Of these, 4,041 were let at a social rent and 233 let at affordable rent. A further 20 properties within the HRA are designated as temporary accommodation for homeless households.

The Plan assumes that 20 properties per year will be sold under the Right to Buy, and this will generate an average receipt of £79k per sale.

Rents & service charges

Average social rents are £99.70 per week, and affordable rents are £136.71. Both of these are based on 48 rent weeks in a year. The equivalent 52-week rents are £92.03 (social) and £126.19 (affordable). This is in line with the HRA rent roll.

The Business Plan assumes that rents paid by existing tenants increase at the maximum rate currently permitted by the rent standard. Under current government policy an increase of CPI

+1% has been applied for 2024/25. Rents then rise by CPI from 2025/26.

The current average social rent is slightly lower than the average formula rent. In line with the authority's rent policy, the Business Plan assumes that approximately 5% of the social rented stock will be re-let at the formula rent each year.

Rent loss from void 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 authority's medium term financial strategy.

Service charge income has been assumed in line with the Council's MTFS.

Operating costs

Costs of housing management and special services are in line with the MTFS. The revenue costs of repairs and maintenance are also assumed to be in line with the MTFS.

An allowance has been made in the plan for cost pressures arising from new legislation.

- Revenue costs of £100,000 pa for responding to social housing regulatory requirements.
- Additional costs of £50,000 pa for key employees to gain social housing qualifications, plus associated implications for pay.
- Costs of £50k pa for 2024/25 and 2025/26 to help the authority to find solutions that relieve cost pressures on the HRA.

Existing Stock Investment

The Business Plan assumes that the Council will spend around £38.4k on in major works per property over the next 30 years. This is based on the most recent assessment of its Investment Programme (V5, 2018) pending a new Stock Condition Survey in 2023/24).

In addition, the Plan contains an allowance of £26.3k per property additional decarbonisation investment over the period to 2050.

The Business Plan assumes that stock investment costs and decarbonisation budgets vary with changes in number of properties from 2028/29.

New Build & Acquisitions

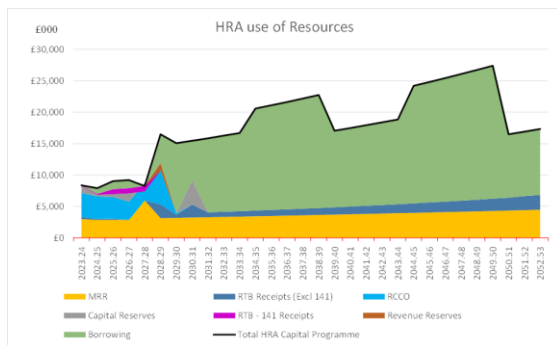
The Business Plan assumes that 39 new homes are built or acquired for social rent by 2027/28 at a cost of £6.737m. Thereafter there is no provision for new build or acquisitions.

Other capital expenditure

The Business Plan also includes provision for other items of capital expenditure including costs of some salaries.

Financing the Investment Programme

The authority can draw on a variety of resources to finance its' Investment Programme, as shown in the chart below:



The authority utilises internally generated resources to finance the Investment Programme where available, including use of the major repairs reserve (amber area), revenue balances (light blue area) and right to buy receipts (pink and dark blue areas). However, it is clear that the authority becomes increasingly reliant on borrowing/debt (green area) to finance its programme.

Debt

The baseline assumes that existing debt is repaid in line with the current schedule of HRA-related loans. The HRA also attempts to repay any new loans that are required to finance the future capital programme when it can afford to do so.

Inflation

The baseline assumes that revenue and capital costs increase in line with the MTFS until 2027/28. Thereafter, the costs of management, services and non-building elements of the

capital programme increase at CPI. From 2027/28, the costs of revenue repairs and major works rise in line with CPI+1%.

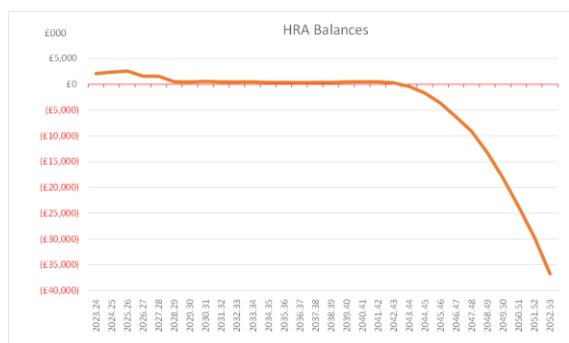
Other assumptions

The HRA aims to maintain a minimum balance of £500k. All Right to Buy receipts are used to support the HRA and HRA capital programme. The authority would also avoid having to refund unused receipts and any associated interest penalties.

The New Business Plan Baseline

Housing Revenue Account Balances

The chart below projects the level of HRA balances at the end of each year based on the Business Planning assumptions:



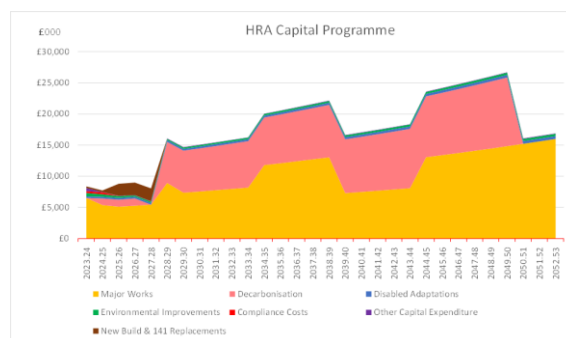
In the chart the orange line projects the cumulative HRA balance at the end of each year. Use of balances until 2027/28 reflects the authority's own medium-term budget. The HRA balance is then maintained at the minimum level, with any "spare" balances used to finance the capital programme or reduce debt.

The authority broadly maintains its minimum HRA balance until 2041/42. However, cost pressures throughout the period impact on the ability to maintain the minimum balance in 2042/43, and from 2043/44 onwards the HRA falls into deficit. If left unaddressed, this would be a potentially unlawful situation.

Recognising that from 2042/43 the Business Plan needs to address the above problem; the Council has decided to use the next 2-3 years to properly investigate ways to reduce costs or increase income. During this period, some stability may return to the UK economy after the shock of the COVID-19 pandemic and there may be greater political certainty. The Council will, therefore, establish a HRA Viability Project which will incorporate multiple cost saving/income generating options and explore these fully in consultation with tenants and leaseholders.

Investment Programme

The following chart shows the scale and composition of the authority's projected HRA capital programme.



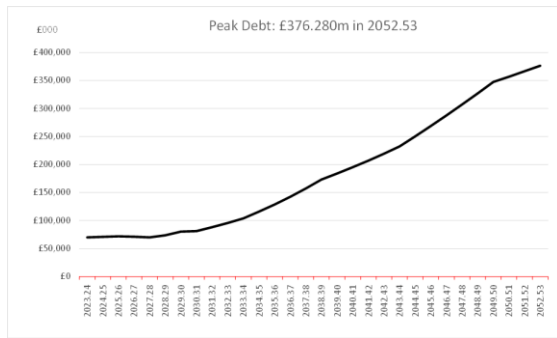
The Investment Programme assumes the purchase or development of 39 new properties between 2023/24 and 2027/28 (brown area).

The Major Works (amber) area allows for investment required on stock condition. Fluctuations in major works spending represent programmed component replacement requirements, based on the authority's stock condition data and component lifecycles.

The Decarbonisation (pink) area allows for the delivery of the authority's existing plans for decarbonising and improving the energy efficiency of existing homes. This steps up to a more substantial programme from 2028/29 to 2049/50, providing an indication of the substantial cost of decarbonising the authority's stock over that period.

The average annual cost of major works at current prices, averages £1,280 per existing unit over 30 years (at current prices). This is in line with the "rule of thumb" range of between £1,200 and £1,300 per unit that some other authorities have used and indicates a reasonable level of investment for replacing existing key components over the long term. The average cost per unit of decarbonising the stock by 2049/50 comes to £26,316 at current prices. There is insufficient data available from the authority's stock to inform the decarbonisation projections fully, and so, this key assumption has been set to provide for a level of investment that is consistent with expectations at other local authorities.

Debt

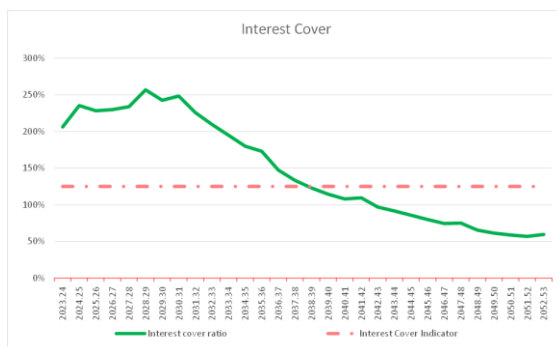


The authority needs to borrow more each year to finance the capital programme than it can repay from revenue. This causes HRA-related debt to rise continuously after the medium term to a peak of £387.314m in 2052/53. This increases the capital financing charges the HRA must pay and is the key factor causing the HRA to fall into deficit.

The level of debt held by the HRA needs to be affordable. This is assessed using its Interest Cover performance, which measures the ability of the HRA to pay the interest charges required.

Interest Cover

The chart below compares the authority's interest cover performance with a standard indicator used by other landlords.



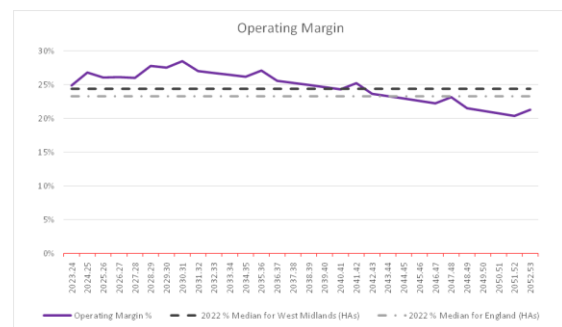
The green line in this chart shows how well the revenue HRA surplus can cover interest charges. When the green line goes down the authority is either making smaller surpluses or paying more in interest charges and the reverse is true when the green line goes up. The static dashed pink line sets an indicator level of 125%, below which the authority would be at risk of having insufficient capacity to respond to

emerging pressures or being unable to meet its interest costs from its operating surplus.

The chart shows reasonable levels of interest cover over the medium term. Performance deteriorates as debt (and interest charges) increases. Mid-plan, interest cover drops below the minimum level and becomes unacceptable for the rest of the period. This coincides with the HRA falling into deficit, as shown previously.

The chart shows reasonable levels of interest cover over the medium term. Performance then starts to deteriorate, due to the additional interest charges incurred by a mounting debt and costs rising at a faster rate than rents. Mid-plan, interest cover drops below the minimum level and becomes unacceptable for the rest of the period. This coincides with the HRA falling into deficit, as shown previously.

Operating Margin



In the above chart the purple line represents the authority's operating margin, which is the surplus generated after deducting the costs of managing and repairing the stock from the rent.

The operating margin projected compares favourably with the levels shown by other social landlords. This suggests that its net surplus is already relatively strong and tells us that the authority's net costs already compare well with other landlords. As a result, there is limited scope to address weaknesses in affordability simply by reducing revenue budgets.

Viability

This baseline represents an unsustainable long-term position for the HRA. The authority

needs to take action over the medium term to resolve the situation.

The risks, which the authority needs to be able to manage include:

- Rising debt levels result in more expensive capital financing charges, which become unaffordable by mid-plan.
- Debt that continues to grow throughout the projections increases the authority's exposure to interest rate risks.
- Failure on the part of the Council to maximise rental income or continue to bear down on the costs that are charged to the HRA would also impact negatively on the financial health of the HRA.

The Baseline projections suggest that the authority would retain insufficient "wiggle room" to respond to emerging risks and pressures after the medium term. It needs to take action to minimise its exposure to these risks.

Options and Choices

Menu of options

Potential measures that the authority has considered when addressing the baseline situation include:

- Reviewing the authority's housing processes to help minimise operating costs. This would need to be through a medium-term programme of reviews, ideally conducted in conjunction with the authority's corporate strategy for whole council sustainability.
- Introducing a sustainable rent flexibility charge for dwellings that are re-let after having benefited from decarbonisation works. This would increase income for those dwellings, in recognition of the lower energy and heating costs that would be paid by the tenant.

- Maximising the recovery of service costs from tenants who receive special services. At the moment, any under-recovery of service costs represents a hidden subsidy, which is paid by all tenants. Moving towards full recovery reduces that subsidy and generates income that can be used to meet emerging pressures.
- Ensuring that all schemes for the delivery of new homes are financially viable before approving them. This ensures that new developments pay back within a reasonable timescale (ideally, 30 years) and do not require long-term subsidy from existing HRA tenants.
- Re-prioritising or rescheduling elements of the authority's capital programme.
- Make the case to government and others for additional funding to help pay for the cost of decarbonisation works.
- A combination of the above actions.

Business Plan Scenarios

To explore some of the options and choices above, the Business Plan has been tested against nine scenarios.

The alternative scenarios are:

- A. Cancelling the provision of new units from 2024/25.
- B. Applying 5% rent flexibility to a proportion of the authority's re-lets.
- C. Implementing a 7% rent increase in April 2024, which would be lower than the currently projected maximum rent increase of 7.7%.
- D. Implementing a 5% rent increase in April 2024.
- E. Implementing a rent freeze in April 2024.

- F. Government policy reverts to CPI+1% rent increase from April 2025.
- G. Council implements a 2% pa efficiency programme for 5 years from 2025/26.
- H. Decarbonisation attracts 20% funding.
- I. Decarbonisation programme extended to 2060.
- J. Scenarios G, H & I combined.

Impact on HRA Balances

The table below summarises the effects of each scenario on the health of the HRA Balance at 10-year intervals during the projections. These are shown alongside the results produced by the baseline position:

Scenario/ Sensitivity	HRA Balance			
	2023.24 £000	2032.33 £000	2042.43 £000	2052.53 £000
Baseline	£2,062	£451	£479	£33,466
A. No new homes from 2024/25	£2,062	£450	£477	£35,927
B. Apply rent flexibility from 2024/25	£2,062	£492	£547	£4,926
C. 7% rent increase in 2024/25	£2,062	£448	£475	£34,990
D. 5% rent increase in 2024/25	£2,062	£440	£63	£39,587
E. Rent freeze in 2024/25	£2,062	£420	£2,472	£51,935
F. CPI +1% rent rises	£2,062	£476	£520	£13,938
G. Five year efficiency prog from 2024/25	£2,062	£492	£548	£4,715
H. Decarbonisation funding at 20%	£2,062	£485	£539	£18,272
I. Extend decarbonisation to 2060	£2,062	£503	£572	£12,892
J. Scenarios G, H & I Combined	£2,062	£1,759	£682	£506

All Scenarios from A to E and Scenario G are broadly within the authority's control. Of these, only Scenarios B and G help the authority to reduce its HRA deficit over the life of the projections.

Scenario B generates additional rent from the use of rent flexibility, whereas Scenario G reduces the authority's operating costs over the medium term. Both enable the authority to reduce HRA debt levels slightly throughout the period, thereby reducing the level of interest charges.

Scenario A results in the loss of net rent from the dwellings that would otherwise be delivered and means the authority's interest charges are less affordable than under the Baseline.

Scenarios C to E all lead to the authority foregoing rent in 2024/25, which also

suppresses the rents chargeable in subsequent years.

Under Scenario C the authority would increase rents by 7% in April 2024, instead of the 7.7% currently projected. Scenario D shows the effects of implementing a 5% rent increase in April 2024, while Scenario E shows the impact of a rent freeze in 2024/25. These Scenarios all have a detrimental impact on future rental income and the ability of the authority to keep its HRA in balance. If the authority were to implement a rent freeze the HRA would fall into deficit three years earlier than under the Baseline, in 2040/41.

The four remaining scenarios are beneficial to the HRA. Scenario F shows the effects of government renewing its previous CPI +1% rent increase policy for a further 4 years from 2025/26. Scenario H allows for the impact of 20% funding for decarbonisation spending. Scenario I models the effects of extending the current target for delivering decarbonisation investment by 10 years, to 2060.

Finally, Scenario J shows the impact of combining scenarios G, H and I. All of these scenarios have a substantial beneficial impact on the health of the HRA balance. However, only Scenario J enables the authority to maintain the required minimum balance throughout the period covered by the projections.

Impact on HRA debt

The table below shows the impact of each Scenario on the level of HRA-related debt:

Scenario/ Sensitivity	HRA CFR			
	2023.24 £000	2032.33 £000	2042.43 £000	2052.53 £000
Baseline	£69,981	£95,492	£220,902	£384,830
A. No new homes from 2024/25	£69,981	£92,234	£218,310	£381,753
B. Apply rent flexibility from 2024/25	£69,981	£84,997	£183,091	£334,857
C. 7% rent increase in 2024/25	£69,981	£96,648	£223,543	£387,470
D. 5% rent increase in 2024/25	£69,981	£99,942	£230,664	£394,592
E. Rent freeze in 2024/25	£69,981	£108,117	£246,745	£410,672
F. CPI +1% rent rises	£69,981	£88,437	£196,988	£356,829
G. Five year efficiency prog from 2024/25	£69,981	£83,447	£181,133	£332,601
H. Decarbonisation funding at 20%	£69,981	£86,898	£187,666	£335,180
I. Extend decarbonisation to 2060	£69,981	£83,340	£170,837	£332,106
J. Scenarios G, H & I Combined	£69,981	£68,479	£110,719	£212,869

Scenarios A, B, and F to J all enable the authority to reduce HRA-related debt levels over 30 years.

In the case of Scenario A, this is because the authority needs to borrow less to deliver new homes. Scenarios B, F and H all generate additional income or funding, which either require the HRA to borrow less or enable it to repay more debt.

Scenarios G, I and J reduce expenditure, which allows the HRA to either borrow less or repay more debt.

Under the remaining Scenarios (C to F) the HRA generates less rent, so is less able to repay debt. As a result, all result in higher debt levels than under the Baseline.

Impact on affordability

The following table shows the impact of each scenario on the interest cover performance of the HRA

Scenario/ Sensitivity	Interest cover ratio			
	2023.24	2032.33	2042.43	2052.53
	%	%	%	%
Baseline	206.20%	221.14%	101.94%	62.07%
A. No new homes from 2024/25	206.20%	223.41%	100.32%	60.64%
B. Apply rent flexibility from 2024/25	206.20%	296.25%	151.64%	90.73%
C. 7% rent increase in 2024/25	206.20%	216.06%	99.99%	61.35%
D. 5% rent increase in 2024/25	206.20%	202.18%	94.77%	59.41%
E. Rent freeze in 2024/25	206.20%	171.05%	83.58%	55.07%
F. CPI +1% rent rises	206.20%	267.22%	130.14%	77.43%
G. Five year efficiency prog from 2024/25	206.20%	300.89%	152.87%	91.07%
H. Decarbonisation funding at 20%	206.20%	240.50%	119.32%	71.26%
I. Extend decarbonisation to 2060	206.20%	249.23%	130.55%	72.83%
J. Scenarios G, H & I Combined	206.20%	352.76%	244.57%	144.15%

Interest cover shows the ability of the HRA to afford the interest payments on the debt it needs to borrow. As a guide, interest cover of less than 125% would indicate a greater risk that surpluses would fall below those required to cover the cost of interest charges.

The table shows that interest cover would be stronger under Scenarios B, and F to I. Under Scenarios B and F the HRA receives higher levels of rental income. Scenarios G to I all allow the HRA to generate larger surpluses (as a result of reducing costs), thereby improving interest cover performance.

Scenarios A and C to E all result in lost rent, which causes affordability levels to drop.

Sensitivity Analysis Implications

The baseline shows the HRA to be financially sustainable and affordable over the medium term. However, underlying cost pressures and a reliance on borrowing to deliver the capital programme cause the HRA to become unaffordable over the long term. The authority needs to take corrective action over the medium term to correct this situation and secure an HRA that is able to manage and maintain the existing housing stock sustainably over the long term.

The scenarios presented further show that the financial health of the HRA changes considerably as a result of changes in the decisions made by the council, rent policy set by the government and the availability of funding to help decarbonise its homes.

Reducing costs and increasing the income generated from rents and service charges would help the HRA to reduce its reliance on debt finance. However, the metrics suggest that the authority already has an efficient housing service, and so may have limited scope to reduce its HRA operating costs, at least over the short term. The authority needs to implement a package of measures for addressing the situation to return the long-term financial health of the HRA to optimal levels. It should also make the case to government and others for increased funding to support the need to decarbonise the housing stock.

Local Authority Strategy

The authority will explore the options available for making cost savings for the HRA as part of its corporate programme for improving financial sustainability. It will also examine the options for generating additional income and funding to improve interest cover performance of the HRA over the long term. Such actions should enable the Council to counter potential risks associated with higher inflation, further regulatory requirements, increases in interest charges, commitments to spend more on providing additional or improved services, or further constraint on rent levels (whether imposed by government, or by a local decision to set rents at a lower level than the permitted maximum).

The authority's HRA needs to operate as a long-term business. To safeguard the financial sustainability of the HRA the Council will not commit to policies or projects that impact negatively on affordability over the long term. It will do this by continuing to bear down on costs and by maximising the income it generates from rents and service charges. Other actions it will explore include generating additional capital receipts and disposal of appropriate assets on the open market.

The Council will ensure that any new schemes or initiatives produce a positive financial contribution to the HRA over the long term. Any new homes delivered should payback within a reasonable period (ideally, 30 years) and initiatives for improving or updating services need to produce sufficient cost savings or additional income to pay for themselves over time. The authority will also make the case to Government and others for additional funding for decarbonisation works.

Delivering:

Housing Service Plan

The HRA Business Plan has been prepared having due regard to the Council's statutory and regulatory requirements. The plan has been considered alongside the current regulatory standards overseen and enforced by the Regulator of Social Housing. The new plan provides sufficient resources to enable the Council to meet its statutory and regulatory obligations and deliver a tenant-focused service.

Over the course of the next five years the Council will:

- Ensure that adequate resources are available to develop and implement relevant strategies and improvement projects.
- Address matters that were included in the last Business Plan but which were paused because of the COVID-19 pandemic. These include:
 - Developing a revised set of service standards.
 - Reviewing the use of Fixed Term Tenancies.
 - Participating in the Value for Money Benchmarking Service offered by Housemark.
 - Developing a Value for Money Strategy either corporately or focusing on Housing only.
 - Reviewing all recharges to the Housing Revenue Account 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.
 - Reviewing the Tenant Involvement & Asset Management Strategies.
 - Improving consultation with Leaseholders when major works are being considered.
- Improve the currently static level of customer satisfaction with the Landlord service.
- Improve satisfaction with the repairs and maintenance service and with cleaning of communal areas where levels of satisfaction have fallen.
- Improve management of the Investment Programme - providing greater certainty to tenants and contractors regarding future works to the housing stock.
- Continue to enable older tenants to successfully continue to live in their homes.
- Identify and implement efficiency savings across all activities undertaken by staff and external contractors. This is necessary to enable the Business Plan to become affordable in the medium term.
- Ensure relevant staff are professionally qualified.

Asset Management Service Plan

Through the new Business Plan the Council aims to

- Assess the condition of its housing stock on a more regular basis.
- Ensure that all statutory requirements for the Council as a landlord are fully met.
- Meet and maintain the Decent Homes Standard and any revised standard arising from the Government's programme to improve Social Housing.
- Comply with the requirements of The Regulator of Social Housing's *Home Standard*.
- 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 'decarbonise' the housing stock.

- Replace key building components on a planned basis so they do not become 'old and in disrepair'.
- Continue to invest in the sheltered housing stock to ensure that it is attractive for current and future older residents to live in
- Respond to the challenges of less popular housing and estates and proactively address housing that is no longer in demand.
- Work with local Housing Associations to develop new homes on appropriate garage sites.

Draft Investment Programme

A key element of the new Business Plan is the investment programme. Pending the results of a new stock condition survey which are due in 2024, the Council proposes to spend around £43m on **existing stock** over the next five years, including work in the following areas

- Roofing renewals - £7.75m
- Gas heating upgrades - £4.272m
- Zero Carbon work - £4.117m
- Kitchen renewals - £3.5m
- Disabled adaptations - £3.223m
- Bathroom renewals - £2.875m
- Window and doors - £2m
- Ventilation (High Rise) - £1.835m
- Retained garage sites - £1.744m
- Fire doors (High Rise) - £1.634m
- Structural works - £1,129m
- N/hood regeneration- £1.119m
- Sheltered lifts/stairlifts - £1.035m

A fuller description of the draft Investment Programme as of November 2023 is provided at **Appendix 1**.

Monitoring:

Performance reporting

Cabinet

Overall progress against the Business Plan will be reported at least annually to Cabinet. The focus of this report will be a high-level review of financial performance together with risks associated with ongoing service and investment programme delivery.

Housing & Homelessness Advisory board

A new Housing & Homelessness Advisory board was established and approved by the Council in October 2023. The purpose of the Board is to debate and inform future Portfolio Holder and Cabinet decisions across all council housing services to ensure compliance under the Social Housing (Regulation) Act and the principles within it. The Board will monitor, evaluate and review all strategies and policies that impact on Tenants and Leaseholders.

It is envisaged that this Board will receive at least half yearly review of the Business Plan together with risks associated with ongoing service and investment programme delivery. The Board will also receive information on cost and performance comparisons against benchmarks such as those included in Housemark.

Tenants Consultative Group

The Tenants Consultative Group (TCG) is a fundamental part of the Council's engagement with tenants and residents. TCG will receive detailed progress reports on the Social Housing Programme and Investment Programme on a quarterly basis and the Business Plan will be a standing item on TCG meeting agendas.

More frequent performance monitoring of operational aspects of the plan – including customer satisfaction, delivery against the Investment Programme, Right to Buy Sales activity, income collection, void turnaround times, progress with new build and acquisitions

etc., will be reported monthly or quarterly using the Council's Performance Management Framework.

Risk Management

Risks in relation to the Business Plan can be considered under two main headings. 'External' risks - which are not under the Council's direct control and 'Internal' risks where the Council has some measure of control. These risks are detailed below:

External Risks

- Geo-Political Uncertainty.
- National / Local Political Uncertainty.
- Inflation fails to reduce in line with expectations.
- Aging population in Tamworth.
- Reducing population in Tamworth.
- Reducing waiting list for Council homes
- Funding for decarbonisation is inadequate and the Govt decarbonisation fund does not provide enough additional resources.
- Air source heat pumps may not be sufficiently effective and may not provide adequate heating in older and nontraditional properties.

Internal Risks

- Local Plan projections for affordable housing need may reduce the number of new affordable homes per year (40->32)
- Accuracy of existing housing stock (Decent Homes/Energy Efficiency/HHSRS).
- Lack of staffing resources or systems to deliver the investment programme at the activity levels identified in the Plan.
- Lack of staffing resources to deliver improvement / efficiency saving projects in the Plan.

Equality Impact Assessment

TBC to insert details of EQIA here and how the EQIA will be reviewed and monitored

Appendix 1 – *Draft* HRA Capital Programme (Existing Stock)

		<u>Housing Revenue Account</u>	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
		<u>Capital Programme</u>	£	£	£	£	£	£
HRA	CR2001	Structural Works	329,450	200,000	200,000	200,000	200,000	1,129,450
HRA	CR2002	Bathroom Renewals	575,000	575,000	575,000	575,000	575,000	2,875,000
HRA	CR2003	Gas Central Heating Upgrades and Renewals	1,530,340	685,500	685,500	685,500	685,500	4,272,340
HRA	CR2004	Kitchen Renewals	700,000	700,000	700,000	700,000	700,000	3,500,000
HRA	CR2005	Major Roofing Overhaul and Renewals	1,500,000	1,750,000	1,500,000	1,500,000	1,500,000	7,750,000
HRA	CR2006	Window and Door Renewals	400,000	400,000	400,000	400,000	400,000	2,000,000
HRA	CR2007	Neighbourhood Regeneration	258,870	260,000	200,000	200,000	200,000	1,118,870
HRA	CR2008	Disabled Facilities Adaptations	422,720	250,000	250,000	250,000	250,000	1,422,720
HRA	HRA 1	Disabled Facilities Adaptations - ADDITIONAL FUNDING	-	450,000	450,000	450,000	450,000	1,800,000
HRA	CR2009	Rewire	330,000	100,000	100,000	100,000	100,000	730,000
HRA	CR2010	CO2 / Smoke Detectors	64,000	64,000	64,000	64,000	64,000	320,000
HRA	CR2011	Insulation	17,900	-	-	-	-	17,900
HRA	CR2013	Works associated with renewal of drainage at High Rise	615,015	-	-	-	-	615,015
HRA	CR2014	Renewal of Roofing at Eringden	185,000	-	-	-	-	185,000
HRA	CR2015	Renewal of Windows at Eringden	255,000	-	-	-	-	255,000
HRA	CR2016	Roofing and renewal of walkways to Caledonian shops (HRA)	127,000	-	-	-	-	127,000
HRA	CR2017	Roofing and renewal of walkways to Ellerbeck (HRA)	167,000	-	-	-	-	167,000
HRA	CR3096	Renew High Rise Lifts	-	-	-	-	-	-
HRA	CR3098	Renew Walkways Magnolia	359,550	-	-	-	-	359,550
HRA	CR4015	Fire Upgrades To Flats 2012	-	-	-	-	-	-
HRA	CR4017	Sheltered Schemes	176,030	-	-	-	-	176,030
HRA	CR4021	Energy Efficiency Improvements	70,000	-	-	-	-	70,000
HRA	CR4023	Install Fire Doors High Rise	14,800	404,800	404,800	404,800	404,800	1,634,000
HRA	CR4024	High Rise Ventilation System	120,000	1,715,280	-	-	-	1,835,280
HRA	CR4025	Fire Risk Mitigation Works	503,540	300,000	-	-	-	803,540
HRA	CR4026	Damp and Mould Works	171,810	100,000	100,000	100,000	100,000	571,810
HRA	CR4027	Decarbonisation	1,117,160	-	-	-	-	1,117,160
HRA	CR4028	High Rise Refuse Chute Renewals	134,985	150,000	-	-	-	284,985
HRA	New 5	Works to Achieve Zero Carbon	-	1,000,000	1,000,000	1,000,000	-	3,000,000
HRA	CR4029	Sheltered Lifts and Stairlift Renewals	634,670	250,000	50,000	50,000	50,000	1,034,670
HRA	CR4030	Fire Alarm Panel Renewals	50,000	-	-	-	-	50,000
HRA	CR4031	Scooter Storage at High Rise	30,000	-	-	-	-	30,000
HRA	CR4032	Upgrade Pump Rooms at High Rise	25,000	-	-	-	-	25,000
HRA	CR4033	Internal flooring and decoration at Eringden	-	90,000	-	-	-	90,000
HRA	CR5017	Retention of Garage Sites	814,340	930,000	-	-	-	1,744,340
HRA	New 6	Parking spaces at Medway Belgrave	-	-	-	-	-	-
HRA	CR6014	Capital Salaries	200,000	200,000	200,000	200,000	200,000	1,000,000
HRA	CR6019	Software to manage fire safety surveys	90,000	-	-	-	-	90,000
HRA	CR6020	Street Lighting	392,300	180,000	76,440	-	-	648,740
HRA	CR6021	Asset Management Software HRA	14,000	-	-	-	-	14,000
HRA	CR6022	Telecare System Upgrades	65,500	-	-	-	-	65,500
HRA	CR7004	Other Acquisitions	4,410	-	-	-	-	4,410
								-
HRA	CQ1003	HRA Contingency	100,000	-	-	-	-	100,000
								-
								-
		Total HRA Capital	12,565,390	10,754,580	6,955,740	6,879,300	5,879,300	43,034,310

*As of November 2023

Appendix 2 – Glossary

Acronym	Full Version	What it means
CPIH	Consumer Prices Index including owner occupiers' housing costs	A measure of inflation that includes owner occupiers' housing costs
-	Homes England	The regulator of social housing in England. An executive non-departmental public body, sponsored by the Ministry of Housing, Communities & Local Government.
-	Housemark	A paid for service providing cost and performance information to enable housing organisations to compare themselves with other housing providers
-	Housing Register	The waiting list for Council and other social housing in Tamworth
HRA	Housing Revenue Account	The financial account used to record all income and expenditure relating to local authority rented housing
-	Investment Programme	The 30 year projection of all repair and maintenance projects for the Council housing stock. This includes revenue and capital funded activity.
-	Local Plan	The Council's assessment of how land in Tamworth will be used over the long term, including an assessment of how much housing is needed within the Borough
MTFS	Medium Term Financial Strategy	The Council's four year financial plan, including housing and non-housing income and expenditure
RTB	Right to Buy	The statutory right of certain tenants of Council housing to buy the property they rent at a discount
141 (receipts)	One for One Right To Buy receipts	Receipts from the sale of Council Houses which the Council is allowed to retain providing the money is used to provide new affordable housing
TCG	Tenants Consultative Group	The group of tenants which discusses housing issues and helps to improve housing services by getting involved in the decision making process
-	Universal Credit	A single benefit payment replacing the following benefits: Child Tax Credit, Housing Benefit, Income Support, Income-based Jobseeker's Allowance (JSA), Income-related Employment and Support Allowance (ESA) and Working Tax Credit