

F&HDC – Housing Revenue Account (HRA)

1. HRA Business Plan
2. Housing Carbon Reduction Approach

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Overview & Scrutiny Committee

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Housing Service Vision

“To create a world-class housing service - one that is digitally enabled, easy to do business with, and where tenants (customers) are at the heart of everything we do.”

- **3,400** council managed homes, 18% of stock Independent Living (Sheltered Housing)
- **October 2020** housing landlord service came back in-house from East Kent Housing ALMO
- Regulatory notice for H&S non-compliance – **removed by Regulator of Social Housing Aug. 2021**
- Focus on **performance**, building a new, compliant landlord service, assets & tenant engagement

HRA Business Plan – that reflects the commitments and priorities of the housing services

- ***What is the HRA?*** - a ring-fenced account - income & expenditure - running the council's own housing stock for the benefit of our tenants
 - ***Main sources of income*** from tenants rents and service charges
 - ***Main expenditure*** - management & maintenance costs, major repairs, loan charges, and depreciation

CREATING TOMORROW TOGETHER CORPORATE ACTION PLAN 2021-2030

Service Ambitions: – 1. *Positive Community Leadership* - 2. *A Thriving Environment* - 3. *A Vibrant Economy*
4. *Quality Homes and Infrastructure*

Asset Management Strategy 2022 - 2027

Purpose of the Asset Management Strategy: -

- Supports the Corporate Plan and Council's ambitions
- Framework for decision making on the existing and future housing stock
- Provides priorities for future works programmes / improvements
- Informs 30-year HRA Business Plan & Budgets

HOUSING ASSET MANAGEMENT STRATEGY

Folkestone & Hythe District Council
2022- 2027



Objective 1 *Ensure the housing stock is safe and well maintained.*

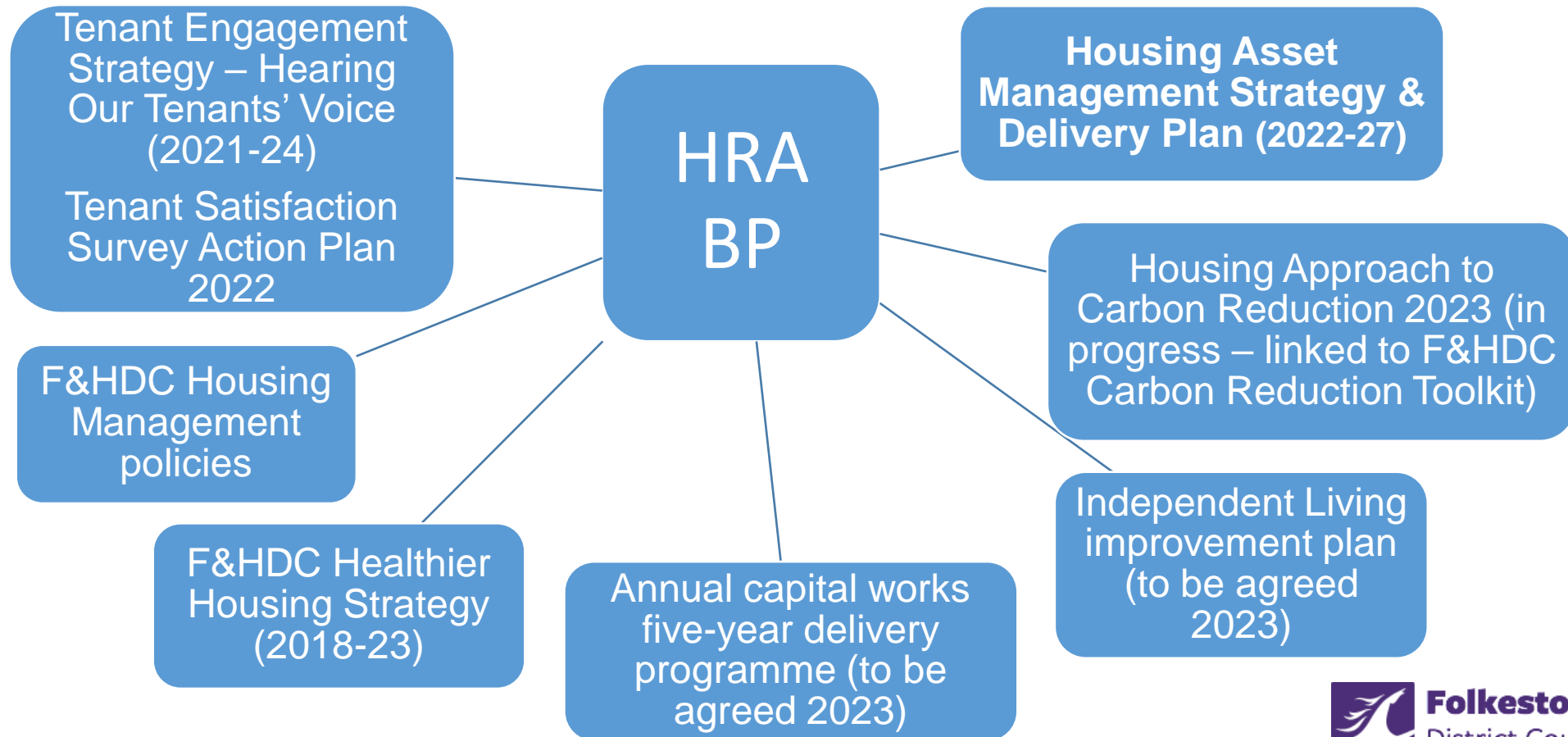
Objective 2 *Develop a social housing portfolio that is fit for purpose, meeting the needs of current and future generations of tenants and their families.*

Objective 3 *Improve the energy efficiency of the housing stock and the ways of working that reduce carbon emissions and levels of fuel poverty by achieving at a minimum EPC rating of 'C' by 2030 and aiming to achieve 'net zero carbon in use (NZC)' by 2050 for all of its housing stock.*

Objective 4 *Developing skills and supporting the local economy.*

HRA Business Plan

Documents that underpin the HRA Business Plan and inform our priorities for funding from the HRA - delivering the vision in the context of wider council priorities: -



HRA Business Plan – Order of Priorities...

1. Compliance / Tenant H&S and wellbeing incl. meeting Regulator of Social Housing new legislation
2. Housing management, repairs and maintenance of existing stock
3. Decent Homes - Capital Improvements / Investment
4. Decarbonisation / Retrofitting
5. New Build / Acquisitions



Do Members agree with this order of priorities?

HRA Income- Explanation of Rents

Affordable vs Social Rents

- Current BP – all new homes are affordable rents set at LHA rates (see a)
- Existing / Older stock at social housing rents (see b)
- Government Policy sets out that affordable rent levels can be set at up to 80% of market rent value (see d)
- Of the approximately 3400 tenancies that we have, approximately 120 households pay affordable rents (LHA) (a) and 3280 pay social rents (b)
- Average social rent £ 94.27 p.w.

	Affordable Rent LHA 22/23 (a)	Social Rent 22/23 (b)	Market Rent (c)	Affordable rent – 80%(d)
1 bed	£100.11	£83.35	£173	£138
2 bed	£132.33	£93.46	£207	£166
3 bed	£172.60	£104.19	£254	£203

Social Housing Rents Q&As Discussion

Challenges - Balance

Challenges for the HRA BP

- Compliance and Health & Safety
- Housing Management costs
- Capital improvement programme (decent homes)
- EPC 'C' by 2030 (circa 1,000 homes)
- 'NZC in use'/EPC A by 2050
- HRA New build programme
- Improvements to Independent living



***How much of this cost should we build into 30-year Business Plan?
How much can the Business Plan support?***

HRA Business Plan – Draft 23/24 Budget

Draft High Level Projections – Year 1

Income

- Projected Income 23/24 - £18.42M

(based on 7% rent increase)

Expenditure

- Housing Management service - £14.71M
(Revenue)
- Capital works (decent homes) - £5.08M
- Retrofit /NZC – estimated cost - £1.04M
- New Build - £3.5M



30 Year HRA Business Plan – Risks

- Costs – currently modelled at 2% inflation target + 1% uplift (but currently subject to heightened uncertainty). Higher inflation would further increase costs.
- Tenant rent arrears
- Supply chain?
- Lack of Government funding (*what if we don't receive Wave 2 SHDF bid?*)
- New retrofit technology – untested/ future technology – uncertain?
- Meeting future social housing need – changing demographics



Housing Carbon Reduction Approach 2023-2030

Context to 30 year HRA BP

- Main focus of next 7 years – all properties to EPC 'C'
- F&HDC Carbon Action Plan & Carbon Reduction Toolkit 2022
- Informs 30-year HRA Business Plan & Budgets



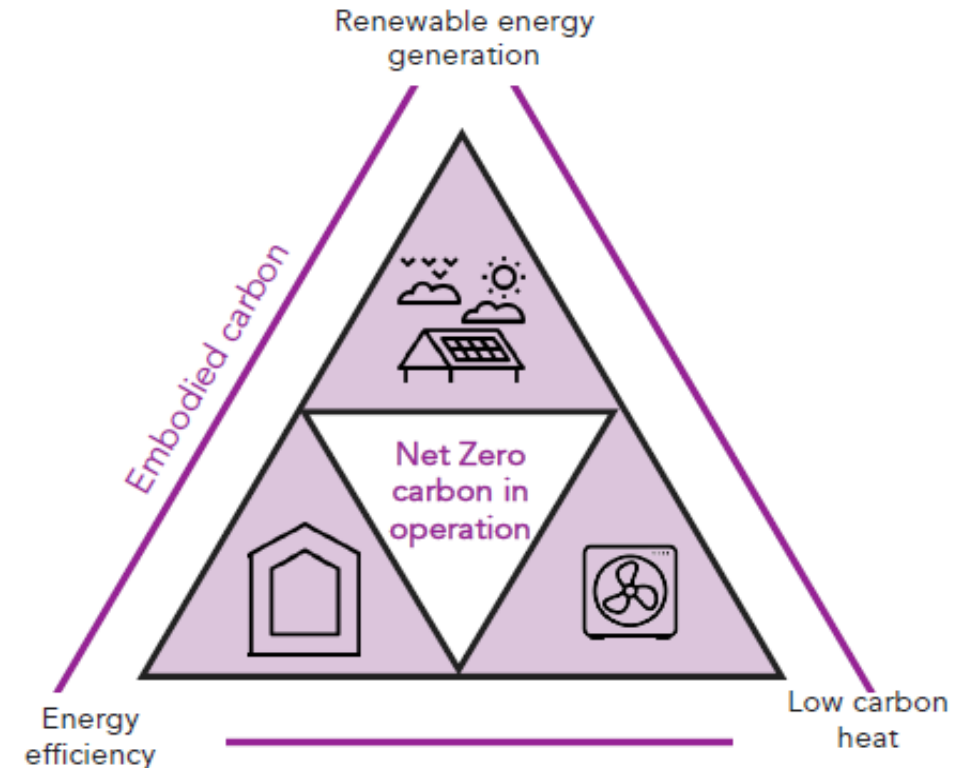
This plan has considered the following key factors when agreeing our approach to carbon reduction measures:

- *Current knowledge of the housing stock (2021 stock condition survey)*
- *Future expectations for social housing*
- *The increasing population of older tenants, along with the expectations and changing needs of current and future tenants.*

Housing Carbon Reduction

What will our approach document will cover:

- Achieving EPC 'C' by 2030– Retrofitting existing housing stock
- NZC 'in use' by 2050
- Retrofit principles
- Housing Operations helping to reduce energy usage
- Achieving Net zero carbon ready – new build homes
- General approaches to reducing carbon emissions
- Active Behavioural Change
- Involving Tenants and Stakeholders



Social Housing Decarbonisation Fund

- The Social Housing Decarbonisation Fund (SHDF) - £3.8bn government commitment over a 10-year period to improve the energy performance of social rented homes.
- **Wave 1** bid Council awarded £2M Govt grant with match funding of £900K to improve the energy efficiency of 109 of our worst performing homes (up to EPC 'C') – along with **Ross House** (fabric first)– flagship zero carbon retrofit scheme – 16 apartments.
- **Wave 2** bid submitted for 2023-25 to improve energy efficiency of a further 300 homes – Grant could be £5.1M (across 2 years) with match funding in Year 1 (23/24) £1.03M

Our Approach to Retrofitting



'Fabric first' -
roof, walls,
windows etc. of
homes are as
energy efficient
as possible.



'Worst first' -
tackle properties
with the lowest
EPC rating first.

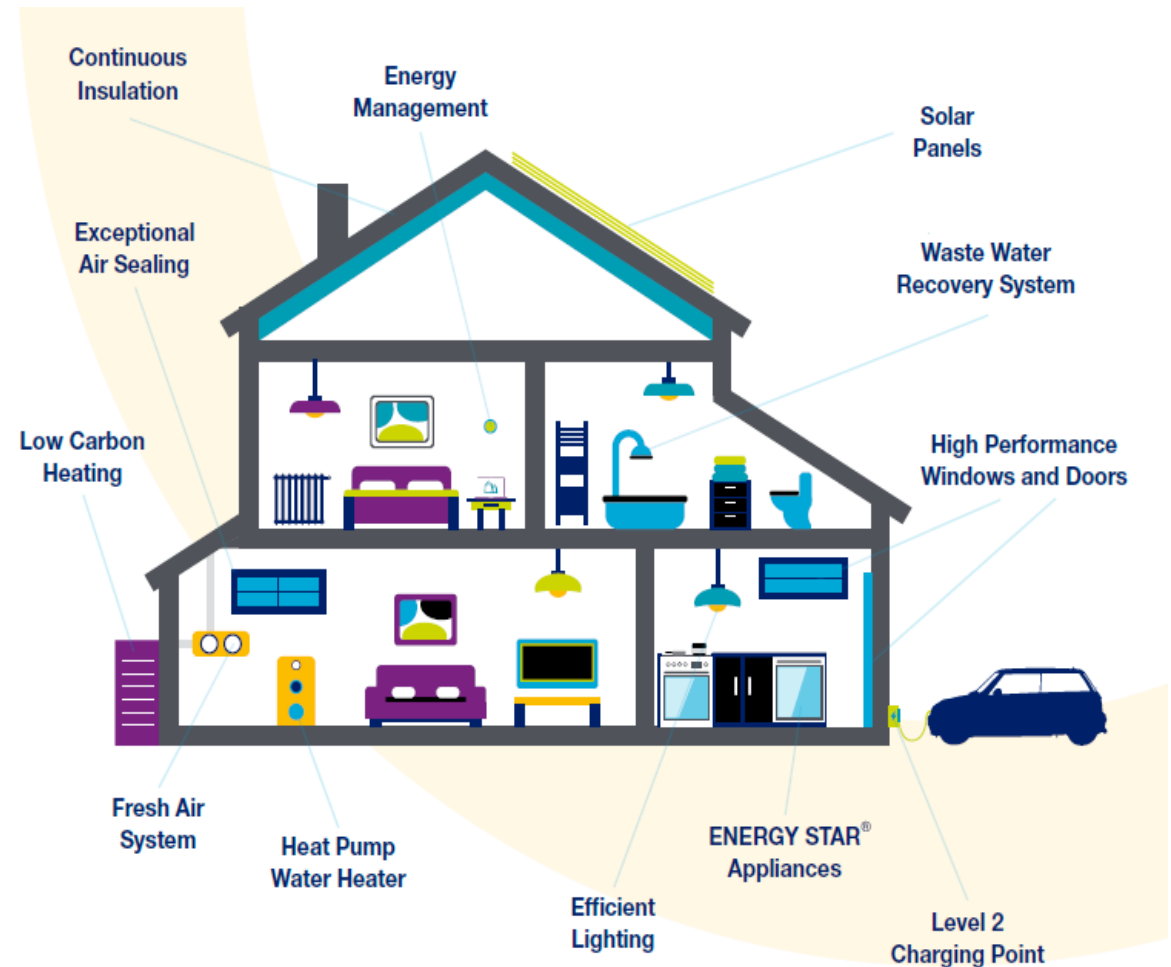


'Least regrets' -
coordination of
planned
maintenance work
and/ or being an
early adopter of
new initiatives,
e.g. the
installation of heat
pumps.

Achieving net zero carbon – new build homes

- Council has an ambitious new build target
- Recent amendments to Building regs, part L and part F – higher energy efficiency
- Homes should be NZC ready
- Councils Net Zero Toolkit includes a 60 page section on new build - communicates how new developments that are consistent with climate change objectives can be designed and constructed to higher environmental standards

- ***IS THIS AFFORDABLE?***



Q&As Discussion