

# Birmingham City Council

## Cabinet

16 January 2024



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**Subject:** **Housing Revenue Account Business Plan and Rent Setting 2024-2025**

### Commissioner Review

The three strategic Housing reports before Cabinet: the Housing Revenue Account (HRA) Business Plan and Rent Setting 2024/2025, Asset Management Strategy 2024-2029, Contract Award for the Provision of Repairs & Maintenance, Gas Servicing and Capital Improvement Works Programmes – Interim Contract 2024-2026 and the confirmation of the immediate commencement of the long-term procurement of the Repairs & Maintenance contracts starting in two years' time are key integral components to both the City Housing and Corporate Improvement and Recovery Plan(s) required by the Direction and Social Housing Regulatory regime.

The approval of these strategic plans and the award of the interim repairs' arrangements will provide the necessary but alone, insufficient foundations for improvement and recovery. The delivery of the plans will require corporate and housing commitment, prioritisation and a whole council focus and approach to improvement.

City Housing must take a rigorous, focused, consistent and long-term approach to delivering effective, resilient, and improving landlord functions through the prioritisation of investment in its existing housing stock, ensuring they have the right dedicated senior leadership expertise, capability and capacity and a skilled, permanent workforce in place to deliver at pace and with strong managerial grip to achieve decent homes.

Improved management of projects, programmes, performance, and risks are required to ensure timely early and sustained delivery of the commitments and ambitious targets set out in these reports. It is an absolute requirement that BCC has the necessary infrastructure, structure, and resources available to achieve H & S compliance and meet Decent Homes and Tenant Involvement and Empowerment Standards.

It is vital that BCC understands and applies the learning from the mistakes of the past and avoids repeating them. The Council has accepted that the housing stock has not received the investment or organisational attention required over a significant period and that the landlord functions and investment in housing stock were not previously prioritised or structured to best deliver and fulfil its landlord duties.

The directorate needs to be coherently organised around its landlord functions and aligned with the agreed improvement workstreams and work closely with colleagues from across the organisation to drive improvement and compliance. The HRA Business

Plan ensures that City Housing is appropriately resourced over the long term to confidently respond to recommendations from the regulator and ombudsman, tenant and leaseholder feedback, benchmarking, and best practice and to drive sustained improvement to meet its commitments to tenants and leaseholders while recognising and addressing the scale and scope of improvement required across its housing stock.

A comprehensive delivery plan must be established and include the commitments and targets set out in the HRA Business Plan and the Asset Management Strategy and progress will be closely monitored by City Housing, CLT, Cabinet Member, Cabinet and Scrutiny, tenants and leaseholder groups and the Social Housing Regulator. Any deviations from agreed milestones and targets will be tracked, monitored, managed, and reported with mitigating and corrective actions identified and taken, as necessary. It is vital that BCC builds and retains trust and confidence in its ability to progress at pace.

Commissioners have provided detailed comments and feedback throughout drafting and these have been incorporated into the body of the report.

We would draw attention to the assumption stress testing table which brings into focus the financial sensitivities of the plan. If a subset of these materialise, or actual performance is outside the stresses there will be a significant impact on both the cash balance projections over the 10 year period and, as importantly BCC may breach its ICR limits.

Commissioners must be confident that the HRA have robust plans to mitigate these risks and maximise the effect of the mitigations.

The R&M Procurement and Commercial Contract must achieve savings to mitigate risks of contract cost uplift. The R&M team are being mobilised but must start their work early, during the two year extension of the existing contract to re-evaluate and re-design how the services will be procured and delivered, and structure the tenders to attract a competitive set of bidders. Given the weakening jobs market and cost of living pressures the management of bad debt will be critical over the planning period. BCC needs to ensure that they have the most effective debt collection and tenant support services in place to recover revenue and support tenants where necessary.

The Asset Management strategy sets out a significant number of promises and commitments, not all of which have clear timelines and defined outcomes, set out in the report. Commissioners will expect to see measurable progress against each of these reported during the plan period, particularly at each rollforward.

Commissioners understand that BCC Void management is good and voids are relatively low. We emphasis keeping a strong focus on voids low to ensure revenue levels remain on plan. Mitigations are included in the risk table, but BCC need to have more detail of how the mitigations will be implemented.

The uplifts in rents and service charges must be comprehensively communicated to residents, particularly communicating the context/backdrop to these increases. Service charges can be contentious so explaining exactly what is covered and what is not covered is important.

It will also be necessary to continue to regularly communicate with, engage and seek tenants and leaseholders' feedback and regularly report to them on progress and performance on key performance indicators.

Commissioners support this Cabinet submission.