

Sheffield City Council  
Housing Revenue Account  
Business Plan 2019-2020



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# Introduction

The Housing Revenue Account (HRA) is the financial account used to manage our landlord activities. It is ring-fenced in law for council housing and housing income and expenditure, providing services to council housing tenants through the collection of rent and charges. Other City Council services are funded through council tax and central Government support which benefit all citizens of Sheffield regardless of tenure.

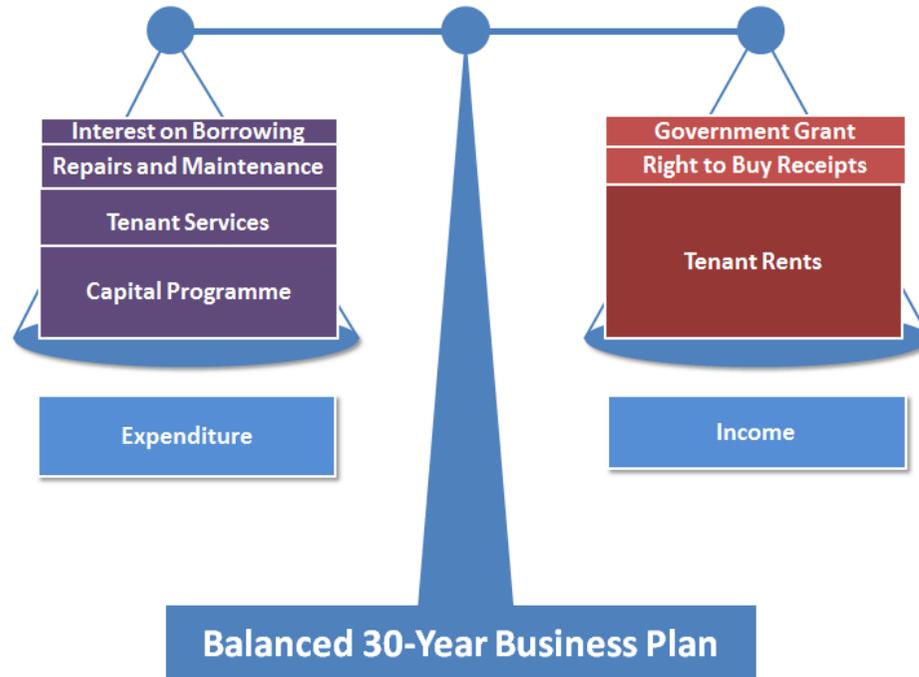
## The Business

Plan  
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The HRA Business Plan sets out our income and expenditure plans for delivering council housing services in Sheffield. It sets out our key council housing priorities for the coming years, showing how we intend to develop our services to tenants.

Each year the HRA Business Plan is reviewed and updated to set budgets and charges for the year ahead. It also provides an updated 5-year plan for our investment programme. These plans are set within the context of a 30-year affordability profile – our long-term planning horizon for balancing the HRA.

HRA income predominately comes from tenant rents, with a small amount of income received from Right to Buy receipts and Government grant. HRA expenditure includes the capital programme, tenant services, repairs and maintenance with a small amount spent each year on paying off interest on our borrowing.



The HRA Business Plan has had to face a number of financial challenges over the last few years such as the statutory requirements to reduce rents by 1% for four years and the ongoing impacts of Welfare Reform. Despite these pressures we have been able to maintain our key commitments to increasing our housing stock through new build and acquisitions and also continue to invest in our existing stock.

The HRA Business Plan 2019/20 will continue our drive to realise further savings to mitigate against continuing financial pressures. Our priority remains to increase the number and type of new and additional homes we can build and acquire for the people of Sheffield.

# National Policy Context

The HRA operates within a political environment therefore any changes in national housing policy can have a significant impact on our HRA Business Plan. Potential national policy impacts are factored into the business plan each year and captured in the plan's risk register. This section considers the key policies that we expect to have an impact on our business plan.

## HRA Borrowing Cap

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In October 2018 the Government issued a Determination lifting the HRA Debt Cap. This provides us with more freedom and flexibility to undertake additional borrowing subject to the principles of the Prudential Code for Capital Finance in Local Authorities of affordability, sustainability and prudence. Primarily this borrowing freedom will help us in our commitment to deliver more affordable housing in the city. However, we can only use this flexibility to finance activities that generate sufficient income for the HRA to offset the upfront capital and management costs associated with the investment within the HRA business planning horizon. Using the borrowing capacity in any other way will bring additional financial risk to the HRA Business Plan. We intend to assess our options in terms of land availability, land purchase and our disposals strategy as well as investigating other opportunities to deliver more affordable housing in the areas where we have significant gaps in affordable housing provision in the city.

## A New Deal for Council Housing

In August 2018, the Government issued for consultation a Green Paper, A New Deal for Council Housing, proposing fundamental reform to ensure social homes provide an essential, safe, well managed service for all those who need it. The paper set out five principles which will underpin a new, fairer deal for social housing residents:

- 1) Ensuring homes are safe and decent
  - Supporting the Dame Judith Hackitt review recommendations around building regulations and safety
  - Reviewing the Decent Homes standard
  - Tightening safety in private rented sector and applying measures to social homes

- 2) Effective resolution of complaints
  - Strengthening local mediation for disputes and reviewing the “designated person” process
  - Raising awareness of complaint processes and improving access to advice and support
  - How existing systems can be developed
  
- 3) Empowering residents and strengthening the regulator
  - New performance indicators and making handling of complaints part of the reporting framework
  - Introduction of performance league tables
  - Making tenant engagement more consistent
  - Providing a national platform for tenants
  - Increased scrutiny of performance and action against landlords
  
- 4) Tackling stigma and celebrating thriving communities
  - Investing in community initiatives, events and the sharing of positive stories
  - Developing performance measures to understand service improvement, looking at the impact that landlords have beyond their key responsibilities
  - The way that planning guidance can support good design in the social sector and how can we involve residents
  
- 5) Expanding supply and supporting home ownership
  - Supporting councils to build more
  - Enabling more community-led housing
  - Helping Housing Associations and others develop more affordable homes

The Green Paper sought views on Government’s vision for social housing; providing safe, secure homes that help people get on with their lives. The Green Paper also confirmed that the Government no longer intends to implement the Higher Value Assets Levy and forced sale of higher value council housing under the Housing and Planning Act 2016 and that the relevant legislation will be repealed when Parliamentary time allows. The Green Paper also confirmed that the Government does not propose to implement the mandatory fixed-term tenancies provisions of the Housing and Planning Act 2016 "at this time".

Our response to the Government’s proposals reflected the views of our tenants. It supported some of the proposals, but also offered a note of caution as to the potential effectiveness of others. The Government is currently analysing the thousands of responses that they received to the consultation on the Green Paper. We look forward to hearing the outcomes of the consultation and understanding

the next steps that Government proposes to take to usher in a 'new deal for housing' in Sheffield. The final response can be found on the Council's website.

## National Rent Policy

The Welfare Reform and Work Act 2016 included a statutory obligation on registered providers of social housing to reduce their rents by 1% per year, irrespective of inflation, for four years. This year will be the final year of applying the 1% reduction to our rents. This has had a significant impact on our Business Plan income. The HRA in Sheffield has lost 13% of its income over the life of the plan as a result of this policy which has had a significant impact on the Business Plan. The Government announced in October 2017 that from 2020, social rents will return to a rent increase of the Consumer Price Index (CPI) + 1% for 5 years.

In September 2018, Government issued a consultation paper on "Rents for social housing from 2020-21". The aim of the consultation was to seek views on a proposed Direction to the Regulator of Social Housing on social housing rents from April 2020. The consultation covered two areas in particular:-

- Bringing local authority registered providers within the scope of the Regulator of Social Housing's rent standard and;
- Permitting registered providers to increase rents by up to CPI+1% each year

In our consultation response, we supported the Government's proposals. We recognise that a return to a CPI + 1% rent increase each year will mean tenants having to pay more to rent their homes from the Council. However this increased Business Plan income is vital if we are to maintain services to tenants and develop more social housing to address the needs of local people.

Whilst we welcome Government providing clarity on future rent policy, this won't mitigate the losses of the past five years and means that we are now setting rents at a lower baseline than we otherwise would have been. Previous government Guidance on Social Rents policy of CPI + 1% was intended to apply for 10 years from 2015 but only lasted a year before the statutory decrease came in, so there is a risk that this future rent policy may change again.

## Welfare Reform

Welfare Reform represents the biggest change to the benefits system in a generation. Supporting our tenants through Welfare Reform, and in particular the transition to Universal Credit, will continue to be a key priority in 2019/20. The roll out of Universal Credit commenced in Sheffield in November 2018 for new benefit claimants. Migration of existing claimants in Sheffield is expected to take place between 2020 and 2023. A resolution of full Council in December 2017 affirmed that no tenant of Sheffield City Council will be evicted **solely** as a result of delayed payments from Universal Credit. We have made further provision for an increase in arrears in 2019/20 and 2020/21 until these arrears can be collected, by which time we hope the impact of Universal Credit on tenants will have reduced. This

# Local Policy Context

The HRA Business Plan is set within a wider strategic context of the overall ambitions of Sheffield City Council and those of the Housing and Neighbourhood Service.

## The Corporate Plan and Wider Council Plans

Sheffield City Council's Corporate Plan aims to capture the long term ambitions for Sheffield. The Corporate Plan is currently being reviewed, however the HRA Business Plan will continue to help support the Corporate Plan and feed into the key priorities for the Council.

As well as the overall corporate plan, the HRA Business Plan will also help to support a range of other related strategies such as:

- The Housing Strategy
- New Homes Delivery Plan
- Homelessness Prevention Strategy
- Older People's Independent Living (OPIL) Housing Strategy

An Affordable Housing Strategy is currently in development and will be presented to Cabinet in 2019. This Strategy will include a clear definition of what the term "Affordable Housing" means for the city, quality standards for new homes and a clear 7 Year Programme for delivery. It will set out clearly the housing options for many people who are struggling to afford their current housing costs and/ or where the housing choice in their neighbourhood does not meet their current housing need. The HRA Business Plan will support and feed into this as it is developed.

# Housing and Neighbourhoods Service

In Sheffield we are passionate about people and the places they live and as a Council we want to do our best to make a positive difference. Our service vision provides the framework for all the activity undertaken within the Housing and Neighbourhoods Service. Our key themes and ambitions are:



As a landlord we want our tenancies to be sustainable and successful, and have a positive impact on people's lives. We know that in the current climate this requires us to be creative and flexible. We recognise that our customers have different needs and aspirations and if we are to achieve our ambitions it is important that we are able to deliver accommodation and services that reflect this.

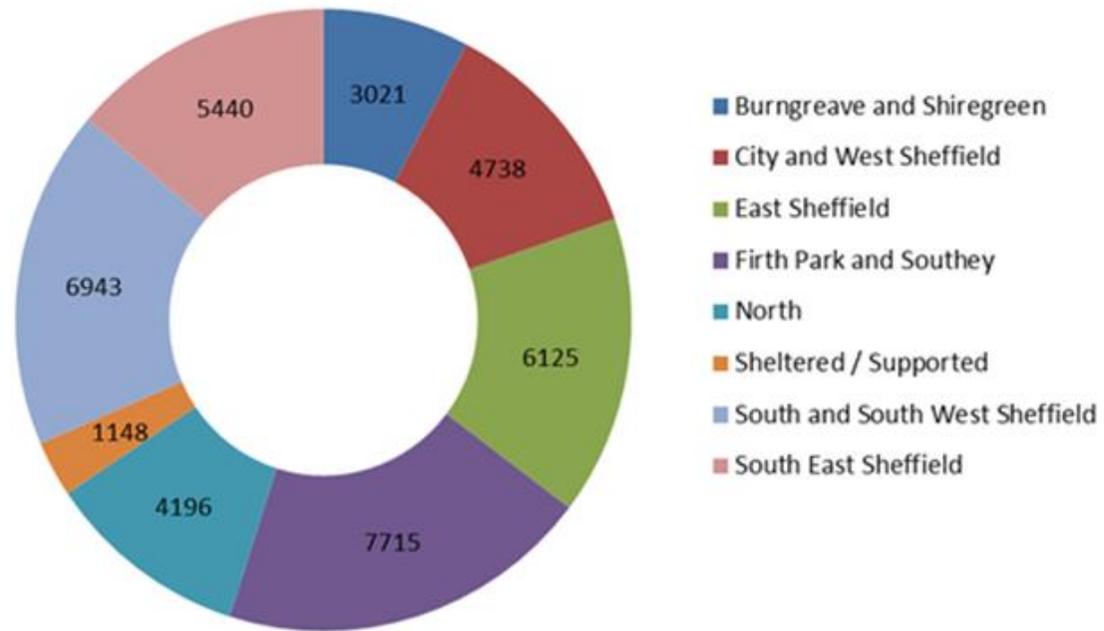
The HRA Business Plan focuses on the council housing aspects that will feed in and contribute to this wider housing vision. We will continue to work with tenants and leaseholders on amending existing policies or introducing new policies during the year that could improve services. Any proposed changes to the housing policy framework will be the subject of separate executive decisions.

# Our Housing Profile

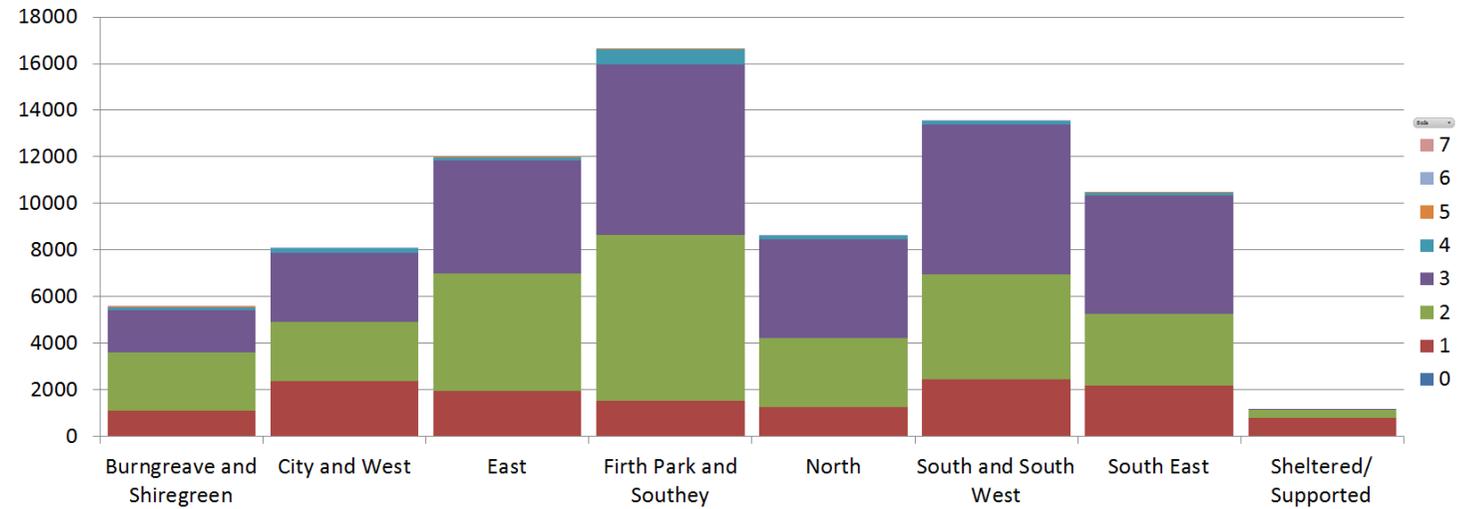


(as of November 2018)

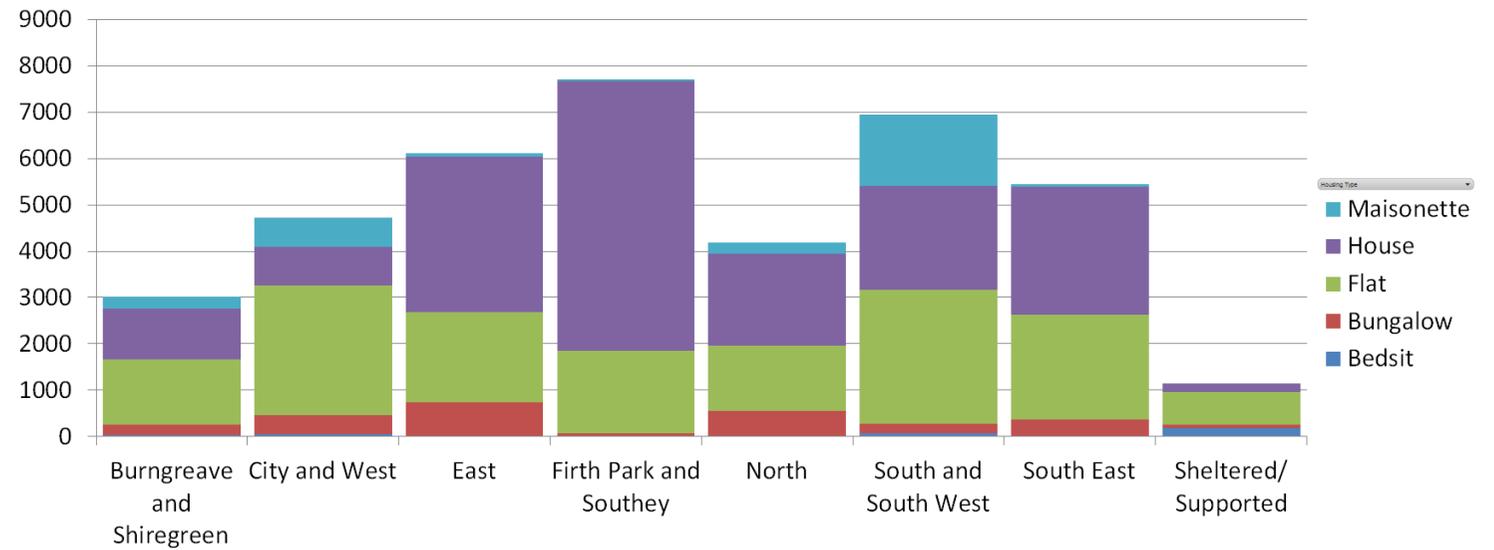
## Council stock by housing neighbourhood area



## Bedroom numbers by neighbourhood area



## Building type by neighbourhood area



# HRA Business Plan Priorities

The HRA Business Plan 2019/20 will help to contribute to achieving the ambitions of the Housing and Neighbourhoods Service. The following chapter details our key council housing business plan priorities and how these contribute to the service ambitions.

## Key Headlines 2019/20

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A proactive approach to managing our neighbourhoods and supporting our tenants



Keeping costs under control, explore further savings and get better value for money



Prioritise investment in fire safety measures



Accelerate the council housing new build programme



Delivering improvements to our tenants' homes



## Independence and Resilience



### Review customer access to our services

We want to review access to our services to ensure that they meet the changing needs of customers and the business. Digital brings great opportunities, but we understand that it will never meet the needs of all our tenants so will balance our approach between technology and personal contact. We have worked again this year with the Heeley Trust to deliver a range of digital inclusion sessions for tenants to help improve online skills and reduce social isolation.

### Take a fresh approach to engagement

We are committed to effective engagement with all our customers. In 2018, following an extensive consultation exercise in 2017, we made some changes to the way we engage with our tenants. This included changes to meeting structures, engagement with Tenant and Resident Associations (TARAs) and the funding of TARAs. The aim of the refreshed engagement is to help deliver a more connected and inclusive framework for engaging with our tenants. Further work in 2019 will review the resources that we deploy, both physical and financial, to support engagement in the city. A new Community Fund was also launched in 2018 to enable TARAs and other community groups to deliver projects of local benefit to tenants. The first round of funding awarded over £35,000 of funding to 31 community projects.

### Support tenants to deal with poverty and its causes

Welfare Reform brings a number of challenges to our tenants and their households. We will continue to support tenants to manage their incomes. The Universal Credit roll out to families and couples commenced in Sheffield in November and December 2018 so a key task will be to assess and manage the impact on rent collection. We will also look at what more we can do to support tenants with managing their finances.

### Help tenants sustain their tenancies

We want to support all our tenants to manage their tenancies effectively. We also want to give tenants the best start possible in their tenancy, so will be introducing changes to the way we support new tenants to ensure that this meets their needs. We recognise that this is a particular challenge for young people starting out for the first time in a new home so will be exploring what more we can do for this particular group.

## Independence and Resilience



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### Build more specialist and supported housing

The Investment Programme chapter gives more details of our stock increase programme, however a key priority within this is the provision of specialist housing and homes for young people. We have progressed plans to develop new homes for older people and people with learning disabilities, as well as completing a review of our supported housing provision. The results on this will soon be seen on the ground as new build housing schemes for older people start to appear in the city.

### Focus on community safety, enforcement and regulation

We want tenants and residents to feel safe in their homes and neighbourhoods. We already work jointly with the police on community safety issues and will continue to build these relationships over the next year. In 2018 we implemented new Conditions of Tenancy following extensive consultation with tenants. In 2019, we will also look at other options that can help ensure that new tenants moving into one of our homes are clear about their obligations as a Council tenant.

### Further improve fire safety

The tragic events of 2017 have increased the focus of all social housing providers on fire safety. We were one of the first authorities to announce positive action around sprinklers in tower blocks. Fire safety will continue to be a key priority to us in 2019 and we will continue to implement with our scheme of improvements.

## Sustainable and Attractive Neighbourhoods



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### Create more new homes

### Invest in our stock

### Transform the repairs service

Capital investment in our existing housing stock is our biggest cost within the Business Plan. We also recognise that Right to Buy is continually reducing our housing stock and we need to invest in providing new homes for rent and for shared ownership. Full details of our investment programme activities can be found in the next chapter, but investing in the physical infrastructure of our stock and making sure we are making the best use of open space and green areas to ensure that our homes remain safe will remain our main priority.

### Deliver changes to clean and green services

The on-going review on the way we deliver Estate Service to our tenants will help identify required changes to the service that will help to improve our estates. We will continue in 2019 with our work to look at recycling provision within estates and continue with our education and enforcement work.

### Tailor neighbourhood housing services to local needs

Our new approach to housing management, Housing+, has now been in place for 2 years. We are pleased with the impact that this new approach has had on the lives on many of our tenants. We are, however, still continuing to learn from this and will review the impact this is having on tenants, how it is improving tenant sustainability and, the way that we interact with our tenants in their homes and within their neighbourhoods. This year, we want to explore the opportunities for tenants that closer working with other colleagues in the Council could bring.

### Contribute to the delivery of a new set of housing strategies

There has been a considerable amount of change over the past couple of years and we are in the process of reviewing our long-term Housing Strategy. This will be completed in 2019 and we will assess the impact of this on our HRA Business Plan over the next 12 months, along with changes to other strategies including Homelessness and Older People.

### Support locality working

We recognise that we are one of a number of council services providing support to tenants and residents in their Neighbourhoods. We want to ensure that we are providing our tenants with a joined-up service so will continue to work over the next 12 months to improve the links with other locality services to make the best use of all resources being deployed.

## Shaping change



### Invest in our people

We recognise the importance of our staff in delivering a great service to tenants. We will continue to review our approach to training and support for staff and further embed the work that we have started around a customer-focussed culture. We will also continue our successful housing apprenticeship programme which is continuing to grow.

### Make better use of information

We want to make better use of the data that we regularly collect as part of delivering a housing service. In 2018 we implemented a new performance system, designed to support both front-line staff and managers in making more effective decisions. In 2019, we will continue to refine and improve this system to help with identifying performance targets and levels. These changes should put us in an excellent position to respond to some of the challenging questions posed by the Government's recent Green Paper. We will use the Green Paper to review how we can make information on service performance more accessible to our tenants.

### Improve our use of technology

We recognise that we still have a long way to go to streamline our systems and make better use of the efficiencies and service improvements that ICT can bring. Plans are in place to replace our IT for Housing and Repairs at the earliest opportunity to improve the efficiency and quality of services provided to tenants and residents. We are also shaping plans to consider the steps we need to take to invest in a more digital future.

### Review our office accommodation

Housing+, new technology and a changing customer service offer all have the potential to impact on our current accommodation needs. We will review our costs and portfolio over the next 12 months to ensure that it still meets our needs and delivers value for our tenants and our business. We recognise that face to face contact is important to our customers and will continue to respect that option in our provision.

### Implement fairer charges for services

We deliver different services to different tenants. We have started to review the way that we charge for a range of services to ensure that our charges are fair and transparent. We will continue to review this over the next 12 months. Any proposed changes will be the subject of an executive decision.

### Get best value from our shared services

We don't deliver our services in isolation and work with services across the Council to share costs and resources. We review these service level agreements and recharges annually and will review these again in 2019 to ensure that they remain value for money.

### Support wider Council priorities

As well as sharing services, we also ensure that we support wider Council priorities wherever possible. Once the Council's refreshed Corporate Plan has been completed we will assess our contribution to the delivery of its key priorities in 2019.

# Investment Programme

The aim of the investment programme is to maintain the Council's housing stock for the future. The 5 year investment programme will continue to prioritise and deliver improvements to people's homes (kitchens, bathrooms, windows, doors, roofs, boilers, communal areas etc.) to make sure homes continue to be well maintained.

## 5 Year Investment Programme

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Our key investment programme commitments for 2019/20 include:-

Investment in...	Progress so far and plans for 2019/20
<b>Roofs</b>	We are progressing well with delivering the pitched roofing programme. In 2018/19 we have procured new roofing contracts to allow us to complete roofing work. The flat roofing programme has now been completed.
<b>Kitchens, Bathrooms, Windows and Doors</b>	By 2019 we aim to have replaced the vast majority of kitchens, bathrooms, windows and doors that still required renewing at the end of the Decent Homes Programme. A small number of tenants refused this work so the properties will be completed when they become vacant. A saving of £3m has already been identified as a result of less work being found within properties than was originally forecast.

<b>Electricals</b>	Two contracts have been procured and a 4-year programme has started to deliver electrical improvements. This will ensure that electrics are maintained in-line with the latest safety requirements and modernise properties to bring them to a standard fit for the future.
<b>Communal Areas</b>	The refurbishment of communal areas to all 12,000 low rise flats will complete by March 2019.
<b>Energy Efficiency Work</b>	Phase 1 external wall insulation work to non-traditional properties commenced in October 2018. Two further phases of work have been agreed but require detailed designs and procurement. The next phase should commence later in 2019.
<b>Garage Strategy</b>	Garage demolition work is expected to complete by the end of March 2019. A contract has been procured to deliver improvements to the garages being retained and this has started and will continue into 2019/20.

As part of last year's business plan, procurement efficiencies and prioritising works helped to free up resources with any savings from the investment programme helping to contribute towards expanding the stock increase programme.

For 2019/20 the key areas of focus for the investment plan will be:

- Continue investing in existing homes e.g. kitchens, bathrooms, lifts, electrics, roofing, external wall insulation, heating and adaptations
- Additional fire safety works including sprinklers and fire stopping works to be included into the programme from 2019/20
- To commence environmental works packages to help better enhance our estates.

The updated 5-year investment programme can be found in appendix B.

# Stock Increase Programme

Our commitment to increasing the number of new / replacement council homes remains a high priority.

The current stock increase programme includes a mix of acquisitions and new build, working to a target of almost 1,600 new/replacement homes. The current programme focuses more on new builds in order to provide the mix of properties we want to achieve, as well as allowing us more flexibility in design specifications and opportunities to provide purpose build housing. As well as providing new social rented housing the programme will, subject to Cabinet approval, include new shared ownership homes to meet a gap in affordable housing provision in the city. This may be particularly attractive for households who are unable to meet their needs in the housing market and for older home-owners to support independent living and to free up under-occupied properties.

Our aim is to delivery the 1,600 additional Council homes by the end of 2023/24.



### Stock Increase Programme 2014-2023

<b>New Build Stock Increase Programme</b>	<b>Estimated no. of homes</b>
Ouse Road/Scotia Drive	51
Adlington & Wordsworth Phases 3, 4a, 4b	140
Weakland Phase 2	36
Newstead Phase 5	150
Phase 6 (Temporary Accommodation)	70
Phase 6 (Smaller Sites)	21
Additional Older Persons Scheme	80
<b>New Build Acquisition Programme</b>	
Ox Close Park	25
Woodhouse	21
Owlthorpe	25
<b>Existing Acquisition Programme</b>	
Foxhill	23
Citywide Acquisition Programme	958
<b>TOTAL</b>	<b>1,600</b>

We estimate that the number of council homes lost via Right to Buy will peak in 2019/20 and then continue at a significantly higher rate than the number of new council housing being built or acquired each year.

The council housing stock increase programme is a key part to achieving the Council's wider Housing Strategy and contributes to delivering affordable homes to support growth in the city. The stock increase programme will feed into the development of the new Affordable Housing Strategy and contribute to the New Homes Delivery Plan.

Our plans are for a mix of new housing types and tenures to meet the demand for social rented housing in the City:

- Three older people's housing schemes
- Learning disability schemes on two sites in the city
- New and refurbished temporary accommodation to reduce reliance on Bed & Breakfast accommodation

- Homes for young people
- A range of general needs housing across the city where HRA land is available
- Discussions with developers to purchase new homes 'off plan'
- Acquisition of land in areas where affordable homes for rent are in short supply
- A pilot scheme for shared ownership (subject to a further Cabinet decision)

The lifting of the HRA debt cap means that we now have the potential to increase the provision of council housing in the city. We are currently developing an extended council housing development programme to take advantage of the new flexibilities offered by Government. The aim is to create an investment plan for the next 7 years which will balance prudential borrowing, demand and land availability to provide much needed new council homes in Sheffield. The availability of land does mean that we will have to consider a variety of arrangements to ensure we get the right rented provision where we have significant gaps. This may also necessitate exploring a range of different delivery options in order to maximise the delivery and retention of units for social rented housing. A Member and Tenant Policy Steering Group is in place to oversee this programme, which will be subject to further scrutiny and executive decision-making over the next 12 months.

In April 2017 the Repairs and Maintenance Service transferred back into Sheffield City Council following a period of 15 years outsourcing to Kier. The service is responsible for the repairs and upkeep of the Council's housing stock as well as the many other corporate buildings belonging to the Council. This year's focus has been to further stabilise the service and commence work on redesigning the service. This redesign work has included speaking to employees and working with tenants to help us reshape the service. The redesign work will take a further 12 months to reach a conclusion, but improvements are being implemented on an incremental basis. Further work with tenants is planned in 2019/20 on developing a new repairs policy for the service.

# Financial Plan

Our financial plan shows how we will fund our council housing investment priorities and day-to-day council housing services. The financial plan is based on a number of key assumptions to help us mitigate risks or changes that may occur in the coming year. All of these assumptions are reviewed and refreshed each year to reflect the changing economic environment in which the business plan operates.

## Key Financial Assumptions 2019/20

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### Rents

Dwelling rents for 2019/20 including temporary accommodation are to reduce by 1% in line with the Welfare Reform and Work Act 2016. This is equivalent to an average reduction of £0.74 per week. This will be the final year of rent reductions as part of the Act. Appendix C to the HRA Business Plan 2019-2020 report sets out the average rents per house size in Sheffield.

The Council continues to have a small but increasing number of properties that are let at an Affordable Rent (up to 80% of market rent). These are predominately new build properties and properties acquired as part of the stock increase programme. The 1% annual reduction applies to all social housing rents so properties let at an Affordable Rent will also be reduced.

Vacant properties will continue to be re-let at the 'target' (formula) rent in order to continue the process of making council rents equitable over time following the ending of the national 'rent convergence' policy by Government one year early. Target rents will also reduce by 1% in April.

The HRA Business Plan 2019/20 assumes a rent increase of the Consumer Price Index (CPI) +1% from 2020/21 – 2024/25 following clarification from Government on national rent policy. The Business Plan assumes a rent increase of CPI + 0.5% from 2025/26 and beyond.

City wide average weekly rents by bed size can be found at appendix C.

For 2019/20 the rent for garage plots and garage sites will remain unchanged and will continue to be charged at £9.35 per week for a garage plot and £2.10 per week for a garage site.

Existing garage tenants who are awaiting investment work to their garage plot/site will continue to pay their current rent until the work has been completed. The garage rent will then be charged at the 2019/20 rate. All garage tenants whose rent is to change will be given at least 28 days written notice of the change before it takes effect.

## Community Heating

The community heating standing charge for 2019/20 will increase by 2.6%. This equates to a £0.20 per week increase, reflecting energy prices that have been increasing steadily.

Although an increase is proposed for 2019/20 to the standing charge, this still reflects a lower increase when compared to the top energy suppliers in the UK which ranged in increases from 2.7% - 6%.

The Council's heat metering scheme which began in 2014 has proven to be very successful. Since the introduction of smart meters, our customers are now saving around 40% on their heating bills compared to their previous unmetered supply. The system also provides us with comprehensive data about how each home is using their heating and gives us the ability to support and advise tenants who might be worrying about switching on their heating. This is enabling us to support individuals more and intervene earlier where required.

The unit kWh price will remain frozen at the current rate for 2019/20. A price freeze will also apply to the weekly sheltered housing hot water charge and the old unmetered weekly rates for the few properties not yet connected to a metered supply.

Our unit kWh price reduced by 10% in April 2017 and prices were frozen in April 2018. Overall since the introduction of our heat metering programme which started in 2014, our charges are cheaper now, than they were over 4 years ago.

- The kWh charge is 10% cheaper
- The weekly standing charge has remained the same since 2014

Relative price stability in the energy market over recent years and the incremental use of reserves have made it possible for us to keep our community heating prices stable for our customers. We will continue to

retain a community heating reserve to enable the Council to absorb risks such as significant future increases in gas prices and in doing so avoid the need to implement sharp/reactive price increases for tenants.

A full breakdown of all community heating service charges is set out in appendix C.

## Burglar Alarms

The burglar alarm charge will remain unchanged for 2019/20.

## Sheltered Housing

The sheltered housing service charge will remain unchanged for 2019/20.

## Furnished Accommodation

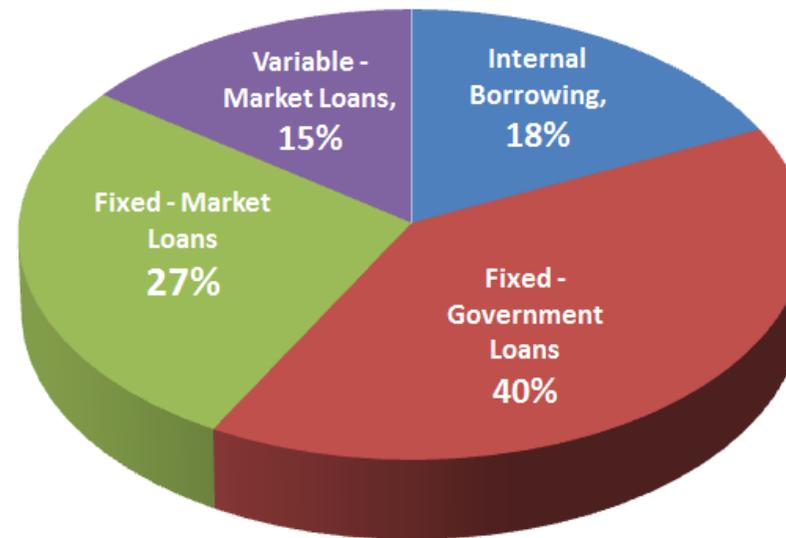
The furnished accommodation service charge will remain unchanged for 2019/20.

## Revenue Assumptions

The detailed financial model behind the HRA Business Plan includes a number of assumptions we have used to understand what resources will be available for council housing over the next 5 years in the context of the next 30 years. These baseline assumptions are listed below.

Revenue Assumptions	Assumption
Opening number of homes in 2019/20	39,209
Estimated number of homes by 2048/49 - not including additional Stock Increase Programme	33,077
Estimated number of RTBs in 2019/20	320
Estimated number of RTBs 2019/20 to 2048/49	7,300
Average rent in 2019/20 (50 week rent)	£73.43
Consumer Prices Index (CPI) of inflation in 2019/20	2.4%
Void rate	1.5%
HRA risk based reserve 2019/20	£5.4m

Debt Assumptions	Assumption
Opening HRA Borrowing requirement on 1 April 2019	£347m
HRA borrowing limit	Limit lifted this year by government; however we are applying a self-imposed limit of £388m before any additional new build is approved.



The overall proportion of the HRA's loan portfolio that is subject to interest risk is 33% (internal borrowing and variable loans).

The HRA is required to borrow in order to realise its investment and service delivery programme. The question of when we borrow, and at what rate, is closely managed by active treasury management throughout the year.

The key considerations that shape these decisions are:

- The interest rate environment
- The HRA's cash requirements for investment and debt management
- Affordability in the context of the overall 30 year HRA Business Plan

# Risks

Since 2012 the HRA has operated on a 'self-financing' basis with local authorities funding council housing from the income generated from rents and other charges. Although 'self-financing' has provided the Council with more flexibility, it has also brought additional risk. Risks are collated and monitored via a risk register and are primarily concerned with threats to income and expenditure that would compromise the viability of the HRA Business Plan. These risks are reviewed and regularly updated. The key risks for 2019/20 are:

## Welfare Reform and Universal Credit

The impacts of Welfare Reform on the HRA Business Plan are significant with the number and value of rent arrears expected to increase considerably. As a result of this, it is likely significant additional resources will be required in order to deal with debt recovery and additional support to help our tenants. A number of mitigations are already in place to help support tenants affected by Welfare Reform such as debt advice, Hardship Fund payments and Discretionary Housing Payments. As well as helping to reduce arrears, these mitigations are also helping tenants to sustain their tenancies. The slowdown in the roll out of Universal Credit announced in October 2018 will extend the period of uncertainty about the impact.

## Impacts of National Housing Policies

The 2018 Green Paper "A New Deal for Social Housing" has stated that a number of the provisions in the Housing and Planning Act 2016 will no longer be implemented. Whilst this is welcome, it does represent further instability in National Housing Policy. The impact of a number of national policy changes, such as Welfare Reform, funding for temporary accommodation, Brexit and changes proposed in the Green Paper may require additional staff to deal with short term demand.

## Interest Rate Risk

The HRA's loan portfolio is made up of both fixed and variable loans, some of which will be exposed to interest rate changes. Although this is a risk to the business plan, part of the role of treasury management is to manage the HRA's exposure to interest rate fluctuation and the risk this brings. However, it is also important to retain a degree of flexibility to take advantage of borrowing at low interest levels should opportunities arise.

## Inflation Rate Risk

The HRA Business Plan assumes an ongoing inflation rate which has been factored into the 30-year business plan. If the assumed inflation rate was to change then this will have an impact upon the forecasted income into the HRA over the 30 years; if the assumed inflation rate was to be exceeded then this may have a negative impact upon revenue expenditure and the capital programme costs.

## Repairs and Maintenance

Repairs and Maintenance risks which could impact on demand include, increased vacants, increased turnover due to Welfare Reforms, stock deterioration rates, changes in regulations post Grenfell and the settling in and transformation of the service following in-sourcing.

## Environmental Sustainability of Estates

Unplanned urgent investment may be required in the physical infrastructure on estates that may impact on the current investment programme.

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# Appendix A – HRA Revenue Budget

Revenue Account	<i>Estimated</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Years 1-5</i>
	<i>Outturn</i>	<i>Budget</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
	<i>2018/19</i>	<i>2019/20</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>	<i>2023/24</i>	<i>Total</i>
<b>INCOME (in £millions)</b>							
Net income dwellings	141.8	137.2	141.7	147.2	151.9	156.2	734.2
Other income	6.2	6.2	6.2	6.2	6.2	6.3	31.1
<b>Total</b>	<b>148.0</b>	<b>143.4</b>	<b>147.9</b>	<b>153.4</b>	<b>158.1</b>	<b>162.5</b>	<b>765.3</b>

<b>EXPENDITURE (in £millions)</b>							
Tenants Services - Including Repairs and Maintenance and SLA's/Recharges	87.5	88.1	89.9	91.9	94.0	96.1	460.0
Funding for capital programme	46.2	42.0	44.7	45.8	47.6	49.5	229.6
Interest on borrowing	14.3	13.3	13.3	15.7	16.5	16.9	75.7
<b>Total</b>	<b>148.0</b>	<b>143.4</b>	<b>147.9</b>	<b>153.4</b>	<b>158.1</b>	<b>162.5</b>	<b>765.3</b>

Required revenue reserve	5.3	5.4	5.5	5.8	5.8	5.8	
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# Appendix B – 5-Year Capital Investment Programme

HRA Programme	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Years 1-5
	<i>Outturn</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Total</i>
<b>EXPENDITURE (in £millions)</b>							
Essential investment work (health & safety etc.)	2.5	6.0	7.6	5.8	5.0	4.8	29.2
Adaptations & access	2.2	2.4	2.5	2.5	2.5	2.5	12.4
Regeneration	0.0	0.3	3.0	3.0	3.0	3.0	12.3
Garages capital	2.0	1.2	0.0	0.2	0.2	0.0	1.6
Waste	0.0	0.8	1.5	0.2	0.0	0.0	2.5
Community heating	0.3	0.2	1.2	3.3	0.0	1.8	6.5
Area investment environmentals	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Heating & insulation	1.3	6.4	10.5	4.0	2.3	2.3	25.5
Roofs & externals	12.0	5.6	14.9	19.8	23.7	29.0	93.0
Communal area investment	5.7	1.2	5.0	5.0	5.0	5.0	21.2
Electrics	7.3	8.5	6.0	3.5	5.1	7.0	30.1
Kitchens, windows, bathrooms & doors	9.5	1.4	2.1	5.3	5.3	5.3	19.4
Other planned elementals	0.3	1.8	1.8	2.1	2.0	1.3	9.0
<b>Sub-total core investment programme</b>	<b>43.1</b>	<b>35.9</b>	<b>56.1</b>	<b>54.7</b>	<b>54.1</b>	<b>62.0</b>	<b>262.8</b>
Capital management fee	2.8	2.8	2.8	2.8	2.8	2.8	14.0
IT upgrade	0.0	0.3	1.3	1.5	0.0	0.0	3.1
Repair and refurb – stock increase	0.8	1.0	1.0	1.0	1.0	1.0	5.0
<b>Sub-total other capital spend</b>	<b>3.6</b>	<b>4.1</b>	<b>5.1</b>	<b>5.3</b>	<b>3.8</b>	<b>3.8</b>	<b>22.1</b>
<b>Total Capital Programme</b>	<b>46.7</b>	<b>40.0</b>	<b>61.2</b>	<b>60.0</b>	<b>57.9</b>	<b>65.8</b>	<b>284.9</b>
Stock increase programme	6.1	25.2	28.4	25.2	19.1	8.9	106.8
<b>Overall Total HRA Programme</b>	<b>52.8</b>	<b>65.2</b>	<b>89.6</b>	<b>85.2</b>	<b>77.0</b>	<b>74.7</b>	<b>391.7</b>

# Appendix C – Citywide Rents and Charges

## Citywide average weekly rent by bed-size

Bedsize	Average weekly rent		Decrease	
	2018/19	2019/20		
Bedsit	£57.70	£57.12	£0.58	1%
1 bed	£65.36	£64.71	£0.65	1%
2 bed	£74.69	£73.94	£0.75	1%
3 bed	£83.56	£82.72	£0.84	1%
4 bed	£93.57	£92.63	£0.94	1%
Total (all bedrooms average)	£73.98	£73.24	£0.74	1%

Note: The above rents are for illustrative purposes only as they are based on city wide averages. Actual individual property rents will vary from these figures. Both years' averages are calculated using current stock numbers to enable comparison.

## Proposed Community Heating Charges from April 2019

### 1. Metered heat

Metered Heat	Charge		Current weekly charges	Proposed weekly charges from April 2019
Standard price	Unit charge	Pence per kwh	3.04 pence	3.04 pence
	Standing charge	£ per week	£4.00	£4.20
	*Unmetered hot water charge	£ per week	£0.70	£0.70

\*only for dwellings where hot water cannot be measured through the meter

### 2. Unmetered heat\*

Bedsizes	Full heating		Partial heating	
	Current prices £/week	Prices April 2019 £/week	Current prices £/week	Prices April 2019 £/week
<b>Heating &amp; hot water</b>				
Bedsit	£11.38	£11.38	£10.52	£10.52
1 Bedroom	£11.82	£11.82	£10.82	£10.82
2 Bedroom	£14.66	£14.66	£13.62	£13.62
3 / 4 Bedroom	£15.78	£15.78	£14.66	£14.66
<b>Heating only</b>				
Bedsit	£8.38	£8.38	£7.76	£7.76
1 Bedroom	£8.58	£8.58	£n/a	£n/a
2 Bedroom	£10.82	£10.82	£10.03	£10.03

\* An additional surcharge is applied for the small number of properties that do not allow access to install, repair or check the equipment; this will increase from £5 to £7 per week in 2019/20 to reflect the increasing additional cost incurred by the Council in managing these properties. Customers can avoid this charge by allowing access.

# Appendix D – Equalities Impact Assessment

## Rent Charges 2019/20

National and local evidence shows that women, older people, disabled people, young people and some Black and Minority Ethnic (BME) groups are more likely to be in poverty and financially excluded than non-protected groups. Women, older people, BME and disabled people are over-represented generally in the customer profile as compared to the city profile; therefore these groups may be disproportionately affected by the rent reduction. However this should not result in any negative impacts or contribute to any further financial exclusion.

Every year the Council communicates details about changes to the rent to tenants at the Housing and Neighbourhoods Partnership meeting (previously known as City Wide Forum) in January, a week before the HRA report goes to Cabinet. Tenant feedback on any concerns is taken to Cabinet and Full Council. Tenants are informed of the individual reduction to their rent by letter before the end of February.

## Garage Rents

As these charges are not increasing for 2019/20 there is unlikely to be any negative equalities impacts on tenants who pay for this charge.

## Community Heating

The community heating standing charge for 2019/20 will increase by 2.6%. This equates to a £0.20 per week increase, reflecting energy prices that have been increasing steadily.

Community Heating supplies heating and heating/hot water to some 5,812 homes, which is approximately 5,310 Council tenants and 502 Leaseholders / Freeholders who have remained connected to the scheme after they exercised their Right to Buy. Community heating is available in various property types such as multi-storey flats, some maisonette blocks, low rise flats and bungalows. The tenant profiles for these types of property is mixed therefore there is unlikely to be specific groups affected by the increase, however in our customer profile, women, older people and disabled people are over-represented as compared to the city profile. It is therefore likely that any of those groups who currently live in properties that receive community heating may be disproportionately affected. All tenants who receive community heating will be informed of the change to their charge as part of the annual rent letters sent out in February and March.

## Other Charges

## Burglar Alarms

As this charge is not increasing for 2019/20 there is unlikely to be any negative equalities impacts on tenants who pay for this charge.

## Sheltered Housing Service Charge

As this charge is not increasing for 2019/20 there is unlikely to be any negative equalities impacts on tenants who pay for this charge.

## Furnished Accommodation Service Charge

As this charge is not increasing for 2019/20 there is unlikely to be any negative equalities impacts on tenants who pay for this charge.

An increase in the council housing stock is likely to have a positive impact across all socio economic groups. Increasing the type and number of properties available can help to house a number of target groups such as people with disabilities, older people, young people and larger families. Newly acquired properties as part of the programme will continue to be let at an Affordable Rent (up to 80% of market/private rent). Although Affordable Rent is traditionally higher than social rent, it will be lower than the equivalent in the private rented sector.

The acquisitions programme is reliant on housing that is available and is financially viable for us to purchase. A high proportion of acquired housing has been made in the North East of Sheffield and this is mainly due to there being more council housing in this part of the city. The acquisitions strategy is reviewed on an annual basis to adjust for changes within the housing market. Purchases have been made using a scoring process within the acquisitions strategy which includes data and needs identified in the Strategic Housing Market Assessment.

Properties acquired/built through the stock increase programme will continue to be let through the Choice Based Lettings System, meaning that there shouldn't be a disproportionate impact to a particular equalities or demographic group.

Stock Increase  
Programme

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