

Stevenage Borough Council
Housing Revenue Account
Business Plan
2026/27 to 2056/57



1. INTRODUCTION

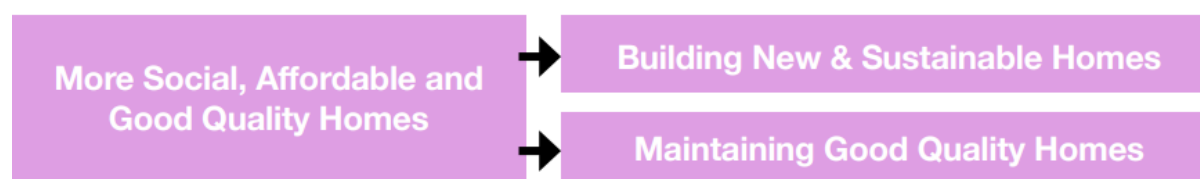
The Housing Revenue Account (HRA) is the Council's financial account as a landlord. It is ringfenced in law as a dedicated budget for a local authority's social and affordable housing, ensuring that all income and expenditure related to managing, maintaining, and improving its housing stock is kept separate from other council funds. This protects tenants by ensuring rent is used for housing-related purposes, such as repairs and improvements, and not to subsidize other services. Other Council services are funded via the General Fund through council tax, fees and charges and central government support which benefits all citizens of Stevenage regardless of housing tenure.

This document sets out the Stevenage Borough Council's plans for managing and maintaining its housing stock of 7,971 homes along with the 1,446 leasehold properties held in the HRA. Its fundamental purpose is to ensure that council homes are maintained and fit for tenants, new homes are provided for those on the Housing Register and for properties sold to right to buy, covering the 30-year period 2026/27 to 2056/57.

The Local Government and Housing Act 1989 requires the Council to prepare a 30-year Housing Revenue Account (HRA) Business Plan annually, along with subsequent guidance and the implementation of the self-financing system in 2012. This plan is a financial overview that tracks the income and expenditure of the Council's housing stock and related services, and the plan also helps the Council to make decisions about both its HRA investment and its residential development investment strategy.

2. AIMS AND OBJECTIVES

This is the latest version of the Council's HRA Business Plan and has been developed and modelled having consideration to the national and local policy context, along with the Council's priority as a registered social landlord as summarised below:-



3. BACKGROUND

This version of the HRA Business Plan builds on the published plan for 2024/25 onwards, in particular with regard to the Council's programme of HRA new build, compliance obligations with due regard to high rise safety and new regulations for instance relating to damp and mould. It also reflects a review of the investment needed to the Council's stock following the rolling programme of stock condition

surveys and data. However, for note the Government target to achieve net zero carbon emissions by 2050 is not accounted for within the plan due to the substantial level of additional funding required. The current target for social housing to achieve a minimum Energy Performance Certificate (EPC) of C by 2030 and the proposed Minimum Energy Efficiency Standard (MEES) is reflected in the plan subject to assumptions around availability of grant funding to support delivery and building cost inflation.

The plan should be read in conjunction with the Councils Housing Asset Management Strategy 2023 which provides information in respect of the makeup, condition and investment needs of the stock.

The 30-year financial model is based on current and projected resources covering the period 2025/26 to 2055/56.

4. NATIONAL AND LOCAL POLICY CONTEXT

The HRA operates within a political and wider economic environment, and there is a need to have consideration to developments in both national and local housing policy as these have a major impact and influence on the plan. The main impacts affecting this year's review are set out below.

NATIONAL GOVERNMENT CHANGES

The national policy landscape for social housing continues to evolve significantly, with a renewed focus on safety, quality, affordability, and decarbonisation.

The Government's long-term ambition to deliver a "social rent revolution" is underpinned by a £39billion Social and Affordable Homes Programme, aiming to deliver 300,000 new homes over the next decade, with at least 60% for social rent.

This commitment is accompanied by a series of regulatory and legislative reforms that directly impact the management and investment planning of Housing Revenue Accounts which are summarised below.

Rent Standard and Rent Convergence

Social Housing Rent Policy is set by the Government, and the Regulator of Social Housing is responsible for setting the Rent Standard and regulating the compliance of social landlords against it. The Rent Standard governs the amount by which a social landlord such as the Council can increase rents each year.

At the last Spending Review the Government announced a 10-year rent settlement of September CPI + 1% to enable housing providers to plan effectively and with some certainty. In addition, earlier in 2025 the Government also launched a consultation on the re-introduction of rent convergence, which is government-set method for calculating each council rent for social housing, aiming for fairness and consistency. It is based on a combination of factors, with the formula being roughly 70% related to local earnings and 30% to the relative property value, all adjusted for the number of bedrooms to ensure smaller homes have lower rents. The majority of Stevenage Council homes are below the formula rent.

The convergence mechanism allows housing providers to increase rents to the formula rent levels, helping to unlock investment in new and existing stock. It is expected to be announced at the Autumn Budget in November 2025 whether rent convergence will be implemented. For the purposes of this updated HRA Business Plan it has been assumed that rent convergence can be applied from 2026/27 onwards.

Awaab's Law and Building Safety

Awaab's Law came into force in October 2025 and introduced statutory timescales for addressing all emergency hazards plus significant damp and mould hazards in social housing. This is part of a phased approach that will expand to cover all significant Housing Health and Safety Rating System (HHSRS) hazards (with exception of overcrowding) by 2027.

These requirements are closely aligned with the Building Safety Regulator's enhanced role, which includes oversight of high-rise residential buildings and a new review process to accelerate remediation and construction while maintaining safety standards. The anticipated financial impact has been included within the HRA business plan.

Decent Homes Standard 2 and Minimum Energy Efficiency Standard

The Government launched a consultation in July 2025 on a reformed Decent Homes Standard (DHS), which will apply to both social and private rented sectors (subject to the Renters Rights Bill) although the implementation date is to be confirmed with the consultation suggesting either 2035 or 2037. Proposed changes include updated definitions of disrepair, new standards for damp and mould, thermal comfort, and home security. Whilst some detail is understood, without further details future modelling of the impact is challenging but some financial provision has been included within the plan which will need to be reviewed once an updated Decent Homes Standard is introduced.

Alongside this, a new Minimum Energy Efficiency Standard (MEES) is proposed, requiring all socially rented homes to achieve a minimum standard by 2030 which will move away from the current target of EPC rating of C. This will be embedded within the revised DHS under a new thermal comfort criterion. The anticipated financial impact has been included within the HRA Business Plan.

Regulation of Social Housing

The Social Housing (Regulation) Act 2023 has transformed the regulatory framework, introducing proactive consumer regulation and new inspection regimes. From April 2024, social landlords have been subject to consumer gradings, Stevenage has been one of the early Local Authority landlords to be inspected achieving a C2 grading.

The Housing Ombudsman Service

New powers to enforce the Complaint Handling Code and issue wider orders to improve landlord practices, are resulting in challenging compliance regulations and oversight across the sector.

LOCAL CONTEXT

The Council as a Registered Social Landlord consider its approach to the management and ownership of its housing stock as part of its wider strategic role and responsibilities.

Making Stevenage Even Better

The Corporate Plan, Making Stevenage Even Better, sets out Stevenage Borough Council's priorities, focus, outcomes and actions until 2027. It sets out the Council's long term needs to prioritise effective delivery of services, whilst delivering on what residents have told the Council matters to them.

The approach is driven by the Council's values. These guide and inform everything that the Council does, making Stevenage a great place to live, working with partners, and ensuring the Council is an inspiring place for staff to work.



As part of this plan the Council has set out its five strategic priorities, which have been developed having consideration to feedback, information and changing demographics which are: -

- Transforming out town
- More Social, Affordable and Good Quality Homes
- Thriving Neighbourhoods
- Tackling Climate Change
- Balancing the Budget

This HRA Business Plan forms part of the wider strategic framework and contributes to achieving these strategic priorities, and its effective development and delivery in turn supports the delivery of the *Making Stevenage Even Better Plan*.

This Plan and the Council strategy set the priorities for a number of other key strategies and programmes which interlink together to drive the change and innovation that the Council is committed to deliver.

Housing Asset Management Strategy

The housing stock is a valuable asset, and the largest liability in investment terms, therefore an effective and agile approach to managing this asset is critical. This strategy was adopted in 2023 but will be reviewed in early 2026 to reflect the updated HRA Business Plan and emerging legal and regulatory requirements. The Strategy sets out the Council's objectives for ensuring the safety of and maintaining and/or improving the standard of homes and neighbourhoods, whilst delivering an improved customer experience and ensuring affordability.

This strategy has considered extensive data and information on the housing stock and then developed a plan for the continued investment in existing and development of new homes, whilst ensuring that the homes meet the new and emerging construction, building safety and Decent Homes Standard requirements. This strategy along with the stock condition data and other information has been used in the development of this plan and it will continue to inform the ongoing approach ensuring that the Council is making the best use of the homes and assets that it owns.

Resident Engagement Strategy

The Council as a Co-operative Council is committed to effective engagement with the community and building on this, the Council has adopted a clear strategy which focuses on the way that the Council works with and support those who live in Stevenage council homes. To achieve this, the Council is investing in and improving the opportunities for residents to inform and engage with SBC, and to achieve real change and influence over the way that services are delivered.

The Resident Engagement Strategy 2024 – 2027 sets out the Councils approach to achieve this along with a commitment to be accountable, transparent and to ensure effective influence for residents.

This Strategy forms one of the building blocks on which this new HRA Business Plan is built upon.

Stevenage Climate Change Strategy

Following the declaration of a climate emergency in 2019, the Council set out its commitment to contribute to tackling this issue in this strategy. Key to achieving its goals is the need to continue to improve and enhance the energy efficiency of council homes, the Council has committed to improving the insulation of homes, whilst supporting our residents with advice and information to help reduce fuel poverty.

This commitment has informed the work, which is drawn together within the new plan, which will help deliver against the Councils long term commitments for climate change. Whilst the Council will continue to invest in insulating and improving the energy efficiency of its housing stock, we have provided more detail on the approach to be taken with the relevant sections of the plan.

Stevenage Town Investment Plan

Stevenage as the UK's first new town was founded on innovation, with a pioneering approach set the blueprint for new communities, this Plan builds on that initial approach and is unlocking growth across all sectors.

Local Government Reorganisation (LGR)

Local Government Reorganisation (LGR) refers to changes in the structure of local authorities, often through the consolidation of councils into unitary authorities or adjustments to responsibilities between tiers of government. The aim is typically to create more efficient, financially sustainable, and streamlined local government arrangements, with clearer accountability for residents.

For housing services, LGR can have significant implications — including the future governance of the Housing Revenue Account, the management of council housing stock, and the alignment of housing strategies.

Work has been completed across Hertfordshire on the development of options prior to be submitted to Government in November. Currently this plan has not been revised or adapted to respond to future plans, however consideration of the developing environment will have to be made in future or emerging plans for the HRA Business Plan.

5. MAIN REGULATORY FRAMEWORK

Social landlords in England, including local authorities like Stevenage Borough Council, operate within a clear regulatory framework designed to protect tenants, ensure financial sustainability, and maintain safe, good-quality homes. This framework is delivered through three key bodies:

- **The Regulator of Social Housing (RSH)** – overseeing governance, financial viability, and consumer standards.
- **The Building Safety Regulator (BSR)** – focusing on the safety of buildings, particularly higher-risk residential buildings.
- **The Housing Ombudsman Service** – providing independent resolution of tenant complaints and promoting effective complaint handling.

Together, these Regulators provide oversight, accountability, and assurance. They set the standards that landlords must meet, monitor compliance, and intervene where necessary.

Regulator of Social Housing

The Regulator of Social Housing (RSH) introduced a new regulatory framework in April 2023 and started to inspect social landlords to assess how well they were delivering against the outcomes of the Consumer Standards in April 2024.

The Council was one of the first Councils to be inspected against these standards in the Summer 2024 and awarded a C2 grade, the second highest, which confirms the Council has provided assurance that it meets the Consumer Standards in many areas. Nonetheless, the Regulator has identified there is more work to be done and reassuringly the Council was already working on the areas identified as requiring improvement. A joint Provider Improvement Plan was agreed in common with all landlords who have been inspected, and the Council is currently delivering against this plan.

The Regulator also introduced new Tenant Satisfaction Measures (TSMs). These are a suite of 22 measures used to give SBC tenants greater transparency over performance and to inform the RSH of SBC compliance with the Consumer Standards. These standards for 12 areas are based on tenant perception, with 10 compiled using management data.

Building Safety Regulator

The Building Safety Regulator (BSR) was established under the Building Safety Act 2022 in response to the Grenfell Tower tragedy and operates as part of the Health and Safety Executive (HSE). Its core purpose is to oversee the safety and standards of higher-risk buildings in England which includes residential buildings over 18 metres or seven storeys high.

The BSR regulates building control for these buildings, enforces compliance with safety regulations, and sets competency standards for professionals involved in design, construction, and building management. It also maintains a register of higher-risk buildings and ensures that accountable persons manage safety risks throughout a building's lifecycle. As a landlord with accommodation that is subject to these requirements the Council works with the BSR to raise safety standards in this accommodation.

Housing Ombudsman Service

The Housing Ombudsman Service is an independent, impartial, and free service that resolves complaints between residents and social landlords, including local authorities and housing associations. It was strengthened by the Social Housing (Regulation) Act 2023, which made its Complaint Handling Code a statutory requirement for all social landlords. The Ombudsman investigates issues such as property condition, repairs, complaint handling, and landlord responses to antisocial behaviour.

As a social landlord the Council is required to work within the Services requirements as well as on individual cases to help ensure that residents' voices are heard and to hold the Council accountable for delivering quality housing services.

6. HOUSING REVENUE ACCOUNT - National Vs Local Picture

The Council has been working with partners across the sector to help understand and place in context how local experiences relate to and reflect the wider national picture.

This has included engaging with Savills Affordable Housing Consultancy as part of the research they have undertaken for the Local Government Association, National Federation of ALMOs and the Association of Retained Council Housing. This work builds on previous reports from 2022 and 2023 and reflects the worsening financial landscape for council housing. It highlights that nearly all HRAs are experiencing significant financial strain, driven by a combination of inflation, regulatory changes, and outdated funding assumptions as set out below.

Financial Pressures and Investment Needs

The research highlights growing financial pressures across HRAs with nearly all Councils reporting strain due to inflation, regulatory changes, and outdated funding assumptions. Capital investment needs have surged, driven by revised Decent Homes standards, building safety legislation, and energy efficiency targets. The estimated cost of maintaining and upgrading the stock has risen dramatically with councils facing challenges in funding lifecycle replacements, fire safety compliance, and energy efficiency works.

Revenue Challenges and Regulatory Demands

Revenue budgets are under increasing pressure, particularly in repairs and maintenance, with new statutory duties such as Awaab's Law adding to costs. Inflation has led to wide overspends across the sector, while the Social Housing (Regulation) Act and professionalisation requirements are introducing further financial burdens. Councils are also investing in stock condition surveys and service improvements to meet regulatory expectations, but many are facing short-term deficits that threaten service delivery and compliance.

Rent Policy and Strategic Planning Implications

The report models future rent policy scenarios, showing that CPI-only increases could result in substantial deficits over 30 years, while CPI+1% with rent convergence offers a more sustainable path. It identifies that stable rent policies are essential for financial planning and reducing borrowing costs. The research calls for a revised national funding framework and long-term rent settlement to support HRA sustainability. Councils must respond with robust business planning, strategic investment, and proactive regulatory engagement to safeguard the future of council housing.

The development of this Business Plan has also identified the issues set out and the aim of the revised plan is to produce a sustainable and viable plan going forward. The plan sets out in detail the areas where uncertainty and a lack of clarity means that comprehensive and robust planning is not possible in relation to the plan, and whilst efforts to reflect and account for areas have been made, this has not been possible for all areas. The work by Savills clearly sets out that this experience is not simply a local issue but is a reflection of the wider environment in which almost all HRA's are finding themselves to a greater or lesser degree.

7. THE COUNCILS HOUSING STOCK

The Council is a landlord and owns and manages homes that it provides as social and affordable housing held within the HRA and form the basis of this plan. Consideration is then given to the condition and tenure of this stock in the development of the financial plan.

Stock Profile

As of the 31 March 2025 the council owned a total of 7,971 properties of which 80 were part of low-cost ownership schemes. Details of the tenure and type of the accommodation is set out below: -

Low-Cost Rental			
	General Needs	Supported housing	Total
Bedspace	0	67	67
Bedsits	293	96	389
One bedroom	1177	765	1942
Two bedrooms	1886	96	1982
Three bedrooms	2975	34	3009
Four bedrooms	351	2	353

Low-Cost Rental			
Five bedrooms	47	0	47
Six or more bedrooms	4	0	4
Total	6733	1060	7793

Source: Local Authority Data Return (LADR) 2025

Affordable Rent			
	General Needs	Supported housing	Total
Bedspace	0	0	0
Bedsits	0	0	0
One bedroom	21	20	41
Two bedrooms	40	13	53
Three bedrooms	3	0	3
Four bedrooms	1	0	1
Total	65	33	98

Source: Local Authority Data Return (LADR) 2025

Low Cost Home Ownership

Two bedrooms	27
Three bedrooms	52
Four bedrooms	1

Total	80
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Source: Local Authority Data Return (LADR) 2025

Compared to the 2024 Local Authority Data Return this represents a net reduction in the total number by 48 properties.

Of these properties there are five blocks which are defined as high rise with a height of over 18m with seven or more storeys, this means that they are subject to additional regulatory oversight by the Building Safety Regulator, and as such are required to meet additional standards and requirements.

Independent Living Schemes

Stevenage manages 891 units of Independent Living and specialist housing, representing 11% of the overall stock. This includes traditional sheltered schemes with communal facilities, extra care accommodation, and supported housing for vulnerable residents such as those with mental health needs or at risk of homelessness. Demand for these homes remains strong, with levels of homelessness continuing to increase, whilst the number of households with multiple or complex needs also continues to increase. The most recent Housing Register data (Nov 2025) shows that 215 households have an applicant over the age of 65, of which 72 are seeking Independent Living Schemes.

Many schemes do not meet modern day standards in terms of space and/or amenities and require targeted investment, or full options appraisals, to remain viable and/or continue to meet housing need. Key priorities identified include upgrades to accessibility, lift replacements, improved fire safety systems, and modernisation of communal spaces.

The Council remains committed to the provision of this much needed housing type, but recognises that changes in social care, technology and financing mean that there is a need to ensure that both accommodation and the support remain appropriate and affordable as costs are currently subsidised. To achieve this work is underway to review provision and the service model to ensure long-term sustainability, and the Council will continue to explore options for refurbishment, reconfiguration, or redevelopment where appropriate.

Leasehold

The Council also owns the freehold for 1446 leasehold properties, which in most cases have arisen where residents have exercised a Right to Buy in a flat, and as these properties have shared facilities the Council retains the freehold interest, and with this has ongoing duties to maintain the common areas and external structures.

Stock age profile of Council Homes

Age Band / Decade	% of Total Stock	Typical Building Type / Construction	Key Condition Observations / Risks
Pre-1950 / pre-war	2.9 %	Traditional masonry, solid walls	High risk of thermal inefficiency, damp, rising damp; often require rewiring, structural remediation
1950–1979	82 %	Post-war terraces, council houses	Older heating systems, need for roof replacement, external envelope works
1980–1999	12.1 %	Infill builds, some medium-rise flats	Approaching medium life for boiler systems, some fabric aging
2000–2010	Less than 1 %	Modern construction	Some components (e.g. kitchens, bathrooms) entering mid-life replacement; generally better condition
2011 onward	2.6 %	Newer stock, modern standards	Lower immediate risk, but need to ensure energy performance and regulatory compliance

The weighted average age of stock is approximately 59 years.

The older parts of the stock (pre-1950 / 1950–1979) account for 84.9% and represents a disproportionate share of backlog risk and maintenance costs. The stock condition data indicates that many of the older units have deferred investment in roofs, windows, external walls, drainage and damp mitigation.

As a result, in the next 10–15 years, there will be increasing cost pressure as multiple major components (roofs, external envelope, heating systems, windows & doors) become due for replacement. To manage this, the capital planning model builds in lifecycle replacement assumptions such as boiler life 15 years, windows 30 years, kitchen / bathroom 20–30 years.

The age profile and component replacement cycles will continue to be periodically refreshed through comprehensive stock condition surveys, to ensure the plan remains sustainable.

Whilst for some of the general needs, specialist and high-rise provision, this will require specialist planning and consideration and work has started and will include scenario modelling: for instance, if a proportion of stock becomes high-risk or unviable (because of condition or cost), there will need to be appropriate provision and this may include decommissioning/change of use, selective disposal or redevelopment.

Stock Condition

It is essential that the Council as a landlord has a clear and comprehensive understanding of the condition of its housing stock. To achieve this the Council since 2005 has carried out where possible full stock condition surveys to every property. The current approach is for a rolling programme of independent surveys to take place every 5 years.

The following tables show the current position with the level of full stock condition data held. There are a number of ways that data is captured in addition to the full stock condition surveys, but where only partial data is held for a property, it is not recorded as being surveyed.

Where a previous full stock condition survey has been carried out but since this survey date additional partial survey data has been added or amended the date of last survey is not changed. The date held against the data changed is amended along with surveyor details. This ensures that the date of last full survey is accurate, but it does mean that the property survey date does not reflect the last date any data was updated regardless of the extent of partial data updated since the last full survey. The table below includes details of properties where partial data has been amended in the last five years.

Stock Surveyed			
Stock surveyed (excluding blocks)	Individual homes surveyed in the last 5 years	Flat Blocks surveyed in the last 5 years	Individual homes with partial survey updates in the last 5 years
96.93%	74.87%	100%	98%

Source: SBC data - Executive Housing Working Group Decent Homes Paper Aug 2025.

Stock Survey Programme Progress	
Surveys completed in the last 5 years	Surveys planned 2025/26 (all properties surveyed within the last 5 years)
5908	1548

Source: SBC data - Executive Housing Working Group Decent Homes Paper Aug 2025.

Data Validation

Stock condition surveys previously commissioned with external consultants have been validated by independent consultants. This has been carried out by way of both on-site validation of surveys, desktop check of surveys and issuing a validation report. The previous validation exercise was carried out in September 2024 and found the data collected to be to the required standards.

To carry out the validation surveys, SBC procured specialist company to review 15% of the stock condition surveys. In addition, there are a number of quality checks completed in-house by the Housing Asset Management Team.

Data is held within the Councils housing asset management database, and other systems with regular reports generated as part of the TSM management data suite, which are also reported as part of the Councils Corporate Performance Framework.

Strategic Asset Performance Model

Stock condition data is then used to inform the Housing Asset Management Strategy, as part of this strategy consideration has been given to the viability in terms of financial investment needs, but also to ways to optimise the stock and potential opportunities. To reflect the changing and updated data, work has now been undertaken to refresh the strategic asset performance model.

Full details of the work and the resulting updated position will help inform an updated Housing Asset Management Strategy to be reviewed in early 2026.

Decent Homes Standard

As a registered social landlord, the council is required to ensure that the homes it owns and manages comply with the relevant standards, key to this is performance against the Decent Homes Standard (DHS). This standard was introduced by the Government in 2000 as part of a national programme to improve the quality of social housing and it sets out the minimum criteria that homes must meet to be considered “decent.”

Compliance with standards forms part of their regulatory obligations as set out by the RSH, but is also key to ensuring tenant wellbeing, housing quality, and long-term asset management.

To monitor compliance and performance, the RSH requires landlords to monitor and report on its compliance position as part of the statutory Tenant Satisfaction Measures. Meeting and maintaining performance against this standard are one of the key elements of this Plan. The table below reflects the Councils current position

along with the proposed trajectory towards meeting and maintaining compliance with the standard.

Decent Homes – Five Year Projections						
	No of non-decent properties (Start of year)	Properties made decent/Prevented from becoming Non-Decent	Properties becoming non-decent	No of non-decent properties (End of year)	% of properties Decent	% of properties Non-Decent
2025/26	298	880	701	119	98.5%	1.5%
2026/27	119	486	367	0	100%	0%
2027/28	0	485	485	0	100%	0%
2028/29	0	604	604	0	100%	0%
2029/30	0	800	800	0	100%	0%
Source: Keystone Asset Management – Oct 2025.						

As the table above illustrates the number of properties moving into non-decency within a year means that a constant programme of works is required to maintain the stock in good condition and meet the standard. The proposed position as set out above will require appropriate funding to be made available through annual budgets and this requirement along with wider planned programmes has been reflected within the programme which underpins this Business Plan.

The standard is currently under review to reflect modern expectations, including issues like damp and mould, energy efficiency, and home security, with reforms expected to apply to social landlords (and private landlords under the Renters Rights Bill). Whilst there are some areas where there is an understanding of future requirements, the details to effectively model and plan for meeting any required standards/work is not possible at this stage.

This plan has therefore been modelled on the current requirements with a provision included for potential future obligations. But the Decent Homes related programme, and works are not the only asset investment that has been reflected in this plan.

Warm Homes programme

The Council has previously committed to improving all council homes to achieve at least Energy Performance Certificate (EPC) rating of C by 2030 (or MEES if/when introduced). The Council have secured Warm Homes funding to retrofit 379 properties over the 3-year period ended 31 March 2028. This will leave circa 2,200

homes with an EPC rating below C which will require investment to achieve that rating (or above) by 2030.

However, costs associated with reaching net zero carbon emissions are not included in the plan as these are unaffordable without significant external funding beyond what has been assumed to be available to deliver the EPC C/MEES target. Initial estimates indicate that additional sums between £110 to £128 Million (at current prices) would be required to decarbonise the whole stock. However, the cost could be higher depending on the timing of the work and the technology used.

Building Safety

The requirements for the safety of homes, specifically in higher risk buildings, continue to develop, with major changes already in place including the new Building Safety Regulator, additional standards and requirements, and the development of and buildings within scope of the standards will continue to evolve. The Plan has consideration to the following plans and programmes.

Repairs and Maintenance

Feedback from residents clearly demonstrates that the quality of repairs and maintenance service is central to tenant satisfaction and the sustainability of the stock. In the last year, the Council spent £18.3 Million on revenue repairs, with reactive work accounting for 74% and planned work for 26%. While overall performance against key response times has been maintained, demand pressures remain high.

The Council's strategy is to improve performance in terms of cost effectiveness and efficiency and where possible to shift resources towards more preventative and planned maintenance, reducing reliance on reactive repairs. Investment in digital systems, workforce training, and supply chain resilience will help improve first-time fix rates and overall efficiency. Cost pressures, particularly in materials and labour, and specialist contractor support costs remain a significant risk and have been factored into financial planning assumptions.

Future Investment Requirements

The proposed capital investment programme in relation to the existing stock for the next five years totals approximately £ 148 Million. The programme is built on the following principles:

- A fabric-first approach (improving the building envelope, insulation, windows, roofs)
- Compliance and health & safety investment (fire safety, structural, accessibility, electrical safety)
- Energy efficiency works related to EPC rating of C (or MEES) but not net zero carbon.
- Component lifecycle replacement (kitchens, bathrooms, heating systems)
- Affordability — capital projects must be funded (or borrowable) within HRA cashflows
- Flexibility and contingency — buffer for cost inflation, slippage, risk

Longer-term (30-year) envelope

The total estimated investment to maintain the standard of the stock and meet strategic priorities is £ 745Million over 30 years. To remain within prudent borrowing/debt capacity, the plan has been constrained to an affordable ceiling that implies some deferrals, or trade-offs in lower-priority works (e.g. selective replacement schedules, no net-zero carbon works).

Development of New Homes

The Council's Corporate Plan 2024 – 2027, sets the objective of delivering a further 529 new social and affordable homes by 2029/30, a total of 1000 new homes since 2014. Since 2015, the Council has delivered a total of 623 new properties, including 529 let as Council homes.

Development Pipeline

In order to meet the Council's target of 1000 new homes by 2030, a pipeline of new developments is required to maintain momentum towards the target. At present, a further 281 homes are either under construction, or under contract for works to start imminently. This will bring the total number of homes delivered to 904, ensuring that the Council remains on track to meet the target. Over the next five years, the development programme accounts for circa £95Million of capital spend.

The current schemes on site include a mixture of property types to ensure that the varied demand within the Housing Register is met. They include: -

- New independent living schemes at The Oval, and the Town Centre Gardens scheme.
- New general needs properties at Ellis Avenue, Burwell Road, Shephall View and Cartref. The general needs schemes are a variety of sizes, however predominantly one and two bedroom homes, reflecting the Housing Register, where nearly 80% of demand is for these property sizes.

Alongside this, a further approximate 240 homes are working through design development towards an eventual Planning decision, to ensure the continuity of the programme.

Adapted Properties and Defects Management within Programme

The HRA development programme is responsive to meet a range of developing customer housing needs. These include the provision of additional temporary accommodation to meet acute housing need, and the development of both general needs accommodation and independent living housing for older people to encourage downsizing. Over the life of the programme, the Development team have been proactive in identifying acquisition opportunities on the open market that would lend themselves to significant adaptation or the creation of new plots that can be custom built to meet the needs of households that require adapted properties. Such interventions are both cost effective and can make a dramatic improvement to the quality of life of those in housing need.

To maximise opportunities that may arise, it is proposed a small amount of the housing development existing budgets will be set aside to support the acquisition and development of adapted properties to complement and help manage demand on

the Council's aids and adaptations programme. Additionally, as the programme has grown it has also been necessary for the team to expand the resource required in this area to manage the handover and defects programme which has grown correspondingly. This requires both staff focus and budgets to ensure properties can be appropriately remediated and handed over into general needs asset management programmes.

The combined annual value of these two budgets will be £750,000 and will only be utilised where there is a defined need and suitable opportunity.

Financial Appraisal and Viability

As schemes progress through the design development stages, ongoing appraisals are carried out to ensure that the schemes make positive contributions to the overall HRA. To enhance the viability of schemes, they are funded through a variety of sources, including utilising Right to Buy receipts generated from the sales of properties.

The Council has also been successful in securing external grant to subsidise the development of new Council Homes, with nearly £42Million secured in grant funding from Homes England across the life of the programme, with £25Million of that secured this year (2025/26). This level of subsidy support provides enhanced viability and an opportunity to expand development and provide greater revenue support to the HRA in the longer term.

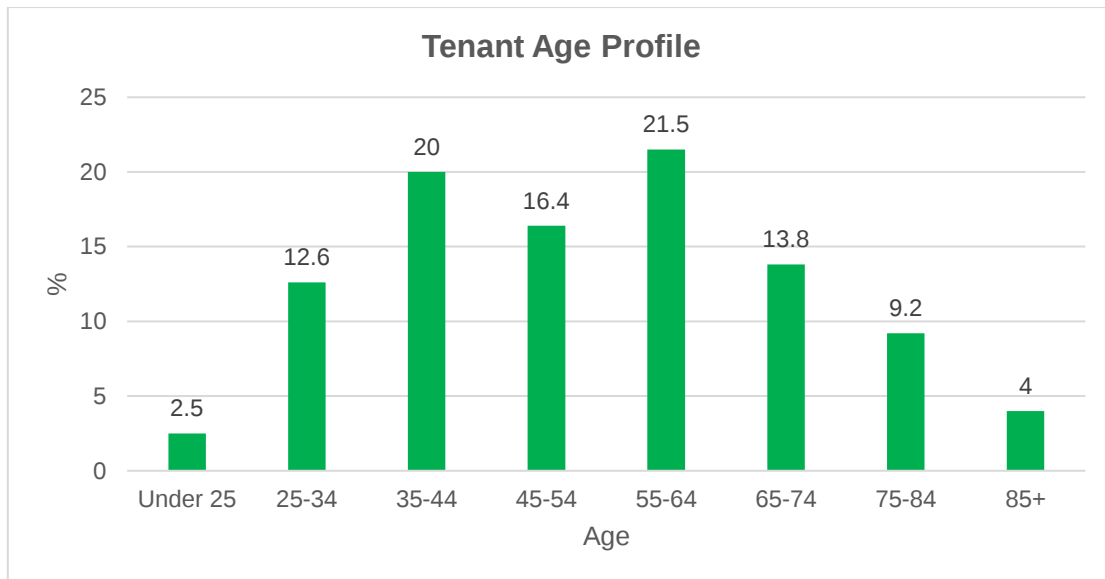
The development of the Business Plan has considered the Councils development aspirations with a total of £457Million being identified through the plan to help deliver much-needed additional homes. This investment will contribute directly towards the Councils priority to build more new and sustainable homes and to replace those lost through Right to Buy.

8. RESIDENTS AND COMMUNITIES

The housing that is provided through the Councils HRA is a valuable resource, that is an integral part of the community, providing homes, opportunities and employment within the borough. The way that the town was planned and has developed continues to create neighbourhoods and communities with their own identity and facilities.

The HRA stock currently forms about 21% of all of the homes in Stevenage, which whilst being more than three times both the national and regional average, it is still not enough to meet the growing and diversifying needs of the community, and this plan sets out how the Council will continue to develop and evolve to meet the changing needs of the community.

Tenant Demographic Profile



Source: SBC System Data Sept 2025

Due in part to the way in which the town has developed the Council as a landlord provides homes to a significantly higher than average number of older people.

	England	Hertfordshire	Stevenage
People aged 65-74 renting from the Council	9.54%	9.24%	23.79%
People aged 75-84 renting from the Council	9.24%	11.41%	14.64%
People aged 85 and over renting from the Council	11.99%	14.64%	41.08%

Source: Projecting Older People Population Information System (POPPI)

As shown above the Council is a landlord to more than twice both the County and national levels for households who are aged between 65 and 74, nearly three times the number of households over 85 compared to the County average, but more than three times the national average. This tenant profile creates challenges for the Council and is reflected in service provision, with a strong focus on older households both living within our supported and specialist provision, but also for those living within general needs homes.

The 2021 census shows that 17.3% (15,468) of Stevenage residents assessed themselves as disabled and 25.4% of households in Stevenage had one person who was disabled, and 7% had two or more disabled persons in their household, this profile is then reflected within the residents of our housing stock.

In common with most local authorities the Council is seeing an increasing demand for social housing and those with complex needs as set out in the census. To help ensure that the housing that is available is made the best use of and to ensure those in greatest housing need are being accommodated the Council operates a Housing Register, households are able to apply to join this if they meet the eligibility criteria, which include being resident in the area and have an evidence based housing need.

Tenant data also shows that more than 80% of the households that are moving into council owned homes have either complex or multiple needs, many of these require additional support and assistance. This complexity of need and the above average elderly population is resulting in a sustained high level of demand for adaptations

Current Demand & Waiting List

The Council reviewed the Allocations Policy in 2023, to include additional provisions for local connection, housing need and in most cases, applications were reviewed to provide an up-to-date register.

As of October 2025, there are 1,453 households on the Council Housing Register, with an average waiting list growth of 71 households per month over the last six months. Whilst the number of homes available for lets and relets annually across all housing providers is circa 560 (figures from 2024/25) of this just over 500 came from the council owned stock, but these levels vary depending up on the delivery of new schemes from both the Council and Housing Association partners.

Of all those on the Housing Register the list is broken down as set out within the table below: -

Need	Band 1	Band 2	Band 3	Total
Studio/1 bed	87	128	354	569
2 Bedroom	28	119	258	405
3 bedroom	49	74	194	317
4 Bedroom	22	41	63	126
5 Bedroom	7	21	2	30
6 Bedroom	2	4	0	6
Total	195	387	871	1453

Source: Housing Register October 2025

The table illustrates a need for a variety of housing types to meet the needs of all the priority groups as set out within the Council Allocations Policy.

Supply / Turnover

Over the last year there have been just over 500 voids, on average there are typically between 400 and 500 voids per annum each of the voids result in a void rent loss and incur costs in respect of works to meet the Lettable Standard. The plan reflects this position and also has consideration for plans to continue to improve void performance in terms of both turnaround time and average cost of works.

Resident Engagement

Tenant and leaseholder engagement remains at the heart of decision-making. Over the past year, residents have been involved in shaping investment priorities, particularly around damp and mould, repairs, adaptations and our development proposals. The Council has held workshops, surveys, and neighbourhood events, with feedback captured in a "You Said, We Did" report published in Housing Matters newsletter and through other formats including social media.

Going forward, engagement will be further strengthened through the establishment of regular tenant panels, digital consultation tools, and participatory approaches to

estate-level investment. Ensuring that all tenant voices, particularly those of younger and underrepresented groups, are heard remains a priority.

9. RESOURCING

REVENUE RESOURCES

Rental Income

The biggest resource within the HRA is rent and this makes up 91% of all the expected income generated within the 30-year plan. However, the level of rent that the Council can charge is determined by the Government (see also page 4 rent standard and convergence), who also set the maximum annual increases.

The majority of rents within the Council's housing stock are at social rent levels (see also section 7 The Council's Housing Stock) and the majority fall well below the national formula rent that is based on local property values and local earnings. The Council has also developed some new properties at Affordable Rent that can be let at up to 80% of market rents, new properties are split approximately 50/50 between social and affordable rent in the Business Plan. Maximising income from rent is more crucial than ever to ensure the sustainability of the HRA BP and it one of the levers available to the Council to ensure services are protected.

Other Income

While rent is the largest source of income in the HRA, there are also significant income streams from tenants and leaseholder service charges which are based on actual costs for managing and maintaining communal areas. The Council have identified those services that are specific to certain properties and have de-pooled these costs to be recovered separately from tenants rent. The Council also calculates individual service charges for leaseholders in flat blocks. The charges aim to recover the cost –of service provision, however, a planned review of service charges will identify whether services are currently being subsidised by rent and to ensure that there is an effective model in place that is transparent, reasonable and delivers value for money, whilst ensuring that the cost of delivering services is recoverable. Lastly, there are also charges made for the independent living schemes and older persons services. Again, based on cost recovery I and enable residents to remain in their homes for as long as possible.

CAPITAL RESOURCES

HRA Self Financing

Prior to 2012 the HRA operated in a national subsidy system. This meant that the Government specified the expected costs and incomes in the ring-fenced account and if this generated a surplus it was paid over to the government, with any annual deficit covered by a subsidy. By 2012 the majority of HRAs were in surplus and the Treasury was gaining an annual income from local authority housing. From 2012 this system was replaced by a one-off payment in the case of Stevenage to the Government, followed by a self-financing arrangement where HRA's serviced debt locally and retained all income from the housing stock. To enable this local autonomy Stevenage Borough Council paid the Government over £200Million, financed from the Public Works Loan Board (PWLb).

Borrowing

When the initial self-financing settlement was made the Government imposed an individual debt cap on each HRA that controlled further borrowing, for Stevenage this was £217.8Million. In practice this meant that further borrowing, for investment in new and existing housing stock, was limited by the amount that could be paid off from the initial self-financing debt.

However, in October 2018 the Government removed this debt cap and allowed local authorities to set their own borrowing levels within the prudential framework for Council finances. This led to a revised HRA Business Plan in 2019 that increased borrowing and investment and enabled an overall increase in housing stock over the 30 years.

The Major Repairs Reserve (MRR)

The MRR is a capital fund that derives from the annual depreciation cost charged to the HRA on the housing stock. This sum is moved from the revenue account into the capital reserve to be spent on major stock investment and provides the majority of the capital financing for major works and improvements in the plan.

Right to Buy Receipts

The HRA is subject to a central Government scheme giving tenants the option of purchasing their home from the Council with a discount based on the property type and length of their tenancy. In recent years there have been major changes to the scheme from both the last and the current.

These changes have mainly been focussed on increasing investment in new housing and replacing sold stock and the Council has re-invested these proceeds into new homes. In November of last year, the Government reduced the maximum discount on a sale from £102K to £34K and confirmed that Councils could retain 100% of receipts to re-invest in new properties, without the need for match funding and (from 2026) in conjunction with other grant funding (especially from Homes England, the Governments regeneration agency).



The impact of this on the revised business plan is a spike in applications and sales income in 2025/26, as shown in the graph above, and a lower level of sales across

the life of the plan versus the previous estimate of 35 per annum, due to the lower levels of discount offered. This is an assumption and ultimately out of the Council's control.

Other Funding Sources

Other capital resources include in the business plan are:

- Grant – predominantly from the Government's de-carbonisation programme and Homes England for specific developments.
- Capital Receipts – from the sale of assets and from co-development projects, where private sales can cross subsidise social housing development to make schemes viable.
- Revenue Contributions – the Council can choose to allocate revenue funds to capital schemes, where this is appropriate and affordable within the plan.

These are the main types of resources utilised in the business plan model and provide the funds to enable the proposed programme.

10. FINANCIAL MODELLING

Financial Model – Key Points

The HRA business plan review seeks to ensure that the Council can maintain its assets, fulfil new regulatory and statutory requirements and provide 'More Social, Affordable and Good Quality Homes'. The table below summarises the key attributes from this latest revision of the 30-year model.

Key Points
Significant capital investment and revenue growth included in the medium term of £240Million to 2030/31.
Increased borrowing to support capital spend of £40Million to 2035/36
Higher level of refinancing of existing debt to allow for projected revenue costs
Large savings needed to balance plan, especially in the medium term of £5.8Million per annum by 20235/36
Net 1,107 new stock over the plan
Increased rent income from rent flexibility and assumed rent convergence formula of CPI+1% + £1
Projected reduction in RTB sales of 353 compared to 1,120 in last plan
Lower property sales means higher rental income and allows for re-payment of the debt over the life of the plan

Borrowing Principles and Assumptions

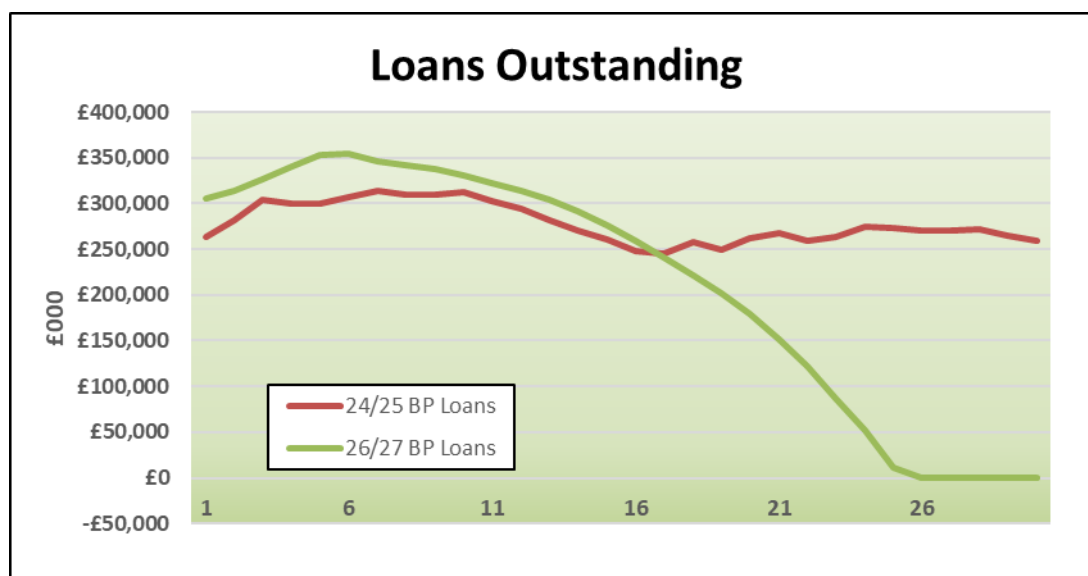
In the last full revision of the HRA Business Plan in 2023 there were considerable pressures on the ring-fenced account. These included:

- high inflation – peaking at 11.1% in 2022
- a rent cap of 7% for 2023/24, down from 11.1%
- increased regulatory requirements e.g. from building safety regulations
- some lasting covid pandemic impacts such as pressures on temporary accommodation, back logged maintenance works and some higher running costs in areas like independent living.

These pressures required a change in the way that debt was managed, instead of aiming to repay the self-financing debt of £199Million as it became due, it was necessary to refinance some of the existing loans to ensure enough revenue funds to manage the stock.

Latest Debt Projection

Since the last plan there has been sustained revenue pressure, particularly from higher repairs costs and further investment needs have been identified in the latest stock condition surveys. This has changed the outstanding loan profile for the HRA, as shown in the graph below.



The revised business plan requires:

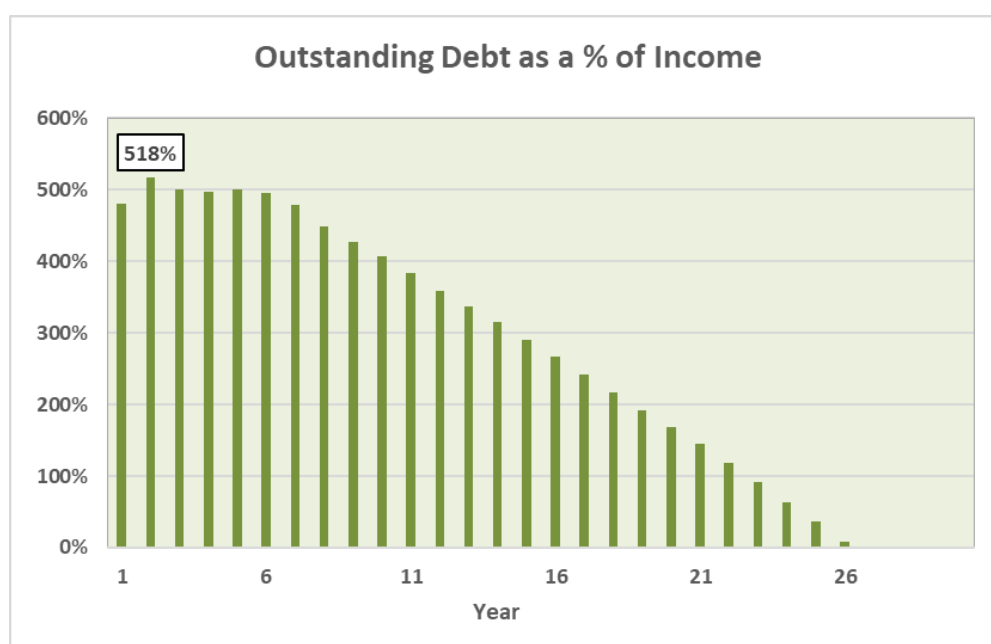
- Increased stock investment in the first 10 years
- Leading to a maximum debt of £354Million in year six (£313Million in year seven in last plan)
- However, there is now capacity to repay the outstanding loans, or service other requirements, from the mid-point of the plan.

The main reason for the additional capacity at the end of the plan is due to the projected reduction in right to buy sales over the 30 years (see also page22). This

has substantially reduced the investment needed to achieve the targeted hosing stock numbers. However, this is outside the Council's control and is based on levels seen previously when the maximum discount was £34,000 in 2012.

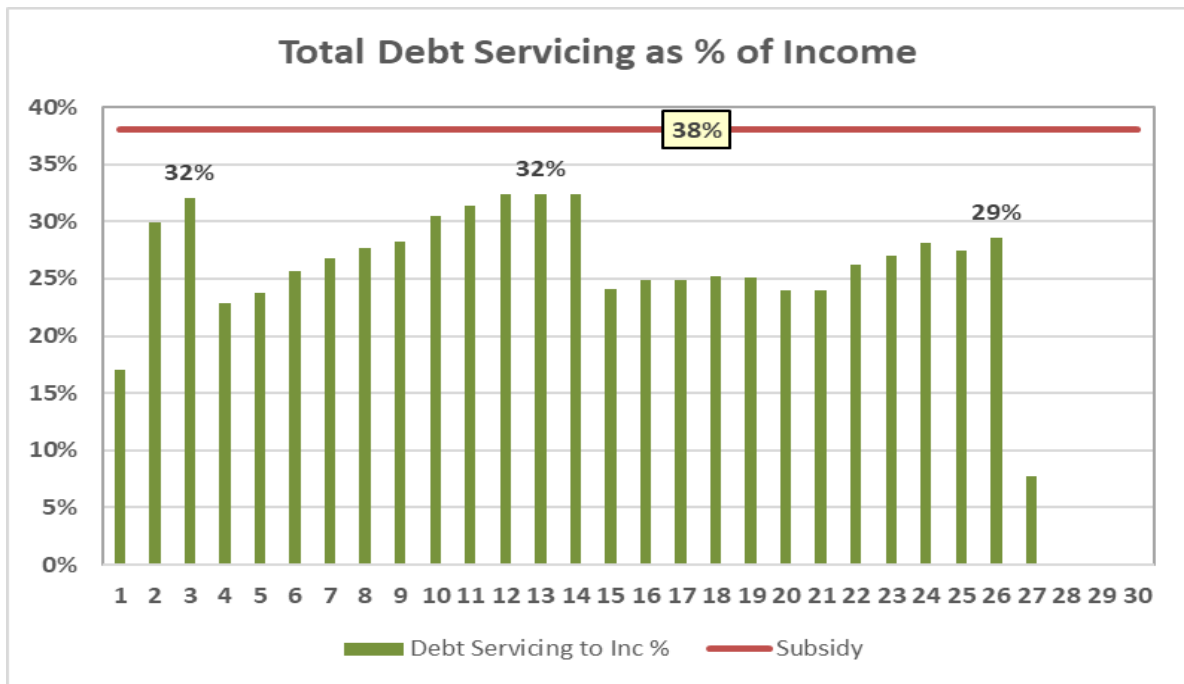
Debt Affordability Measures

While peak debt in the plan has increased, it is still within prudent levels for the fund. The graph below shows outstanding debt as a percentage of projected income in each year of the plan.



Due to anticipated increased income from changes to rent policy (if rent convergence is implemented by the government), the total debt in the HRA only rises from 4.81 times the level of annual income in 2026/27 to a peak of 5.18 times in 2026/27. For comparison, the peak in the last plan was 5.24 times income. This indicates that, while debt levels are higher, as a proportion of expected income they are slightly lower.

The affordability of the planned debt profile can also be assessed via the proportion of debt servicing costs (both interest and loan repayments) to annual income in the plan.



Under the old housing subsidy system (which ended in 2012) the Council paid approximately 38% of its annual income to the Government, shown by the red line in the graph (see also page 23). As this system was replaced by Council's taking debt it provides a useful comparison to the projected debt servicing costs. The current model projects debt servicing cost to peak at 32% (31% last plan) of income, with an average of 23% (24% last plan) over the 30 years of the model.

These indicators show that the level of debt is reasonable over the life of the business plan. However, due to the immediate pressures faced by the HRA, there is a need for higher borrowing in years one to 11, compared to later in the debt profile. This is illustrated in the table below and shown in the "Loans Outstanding" graph above. This does lead to a higher level of risk and exposure to interest rate changes that have been included in the risk implications of the report.

New Borrowing		
	Years Base+10 £Million	Total Base+30 £Million
New Borrowing	£144	£171
Re-financing	£166	£175
Total	£309	£347
% total borrowing	89%	

The table above also illustrates a higher level of re-financing in the first 10 years of the model. However, half of this (£85Million) is in place to enable the Council to borrow short term in the next four years as rates are much higher currently and convert to longer term loans, when it is anticipated interest rates will become more

favourable. The remaining £81Million of re-financing is £8Million more than in the last business plan but enables the fund to re-direct revenue resources into service budgets, rather than repayment of debt.

Other Financial Assumptions

The table below is a summary of the main assumptions used to complete the model.

	2026/27	2027/28	2028/29	2029/30
Inflation-Applied to:				
Salaries - % increase	2.75%	2.25%	2.00%	2.00%
CPI indices increases	2.75%	2.50%	2.00%	2.00%
RPI indices increases	3.75%	3.50%	3.00%	3.00%
BCIS	3.75%	3.50%	3.00%	3.00%
Utilities	10.00%	10.00%	10.00%	10.00%
Rent Increase (CPI+1%)*	4.80%	3.50%	3.00%	3.00%
Other Assumptions:				
RTB Sales	20	8	8	8
Void Rates (General Needs Stock)	1.25%	1.25%	1.25%	1.25%
Bad Debts (General Needs Stock)	0.82%	0.70%	0.65%	0.60%
Interest Earned on Balances	3.00%	2.50%	2.25%	2.00%
Service Charge Increase (excl Utils)	2.75%	2.50%	2.00%	2.00%
Preliminaries on major works	7.50%	7.50%	7.50%	7.50%
New Borrowing	£35.6m	£16.6m	£15.9m	£18.3m
Re-Financing	£7.8m	£0.0m	£6.4m	£91.7m
HRA Minimum Balance	£10.2m	£10.1m	£10.0m	£10.2m

*CPI in Sep 25 at 3.8% not the Apr 26 level of 2.75%

These assumptions are included in the Business Plan, Medium-Term Financial Strategy position for the HRA and will be reflected in the draft HRA budget for 2026/27 to be published on the December 2025 Cabinet agenda. In the medium to longer term projections in the Business Plan from 2029/30 are assumed to continue throughout the remaining years.

Revenue Growth and Savings

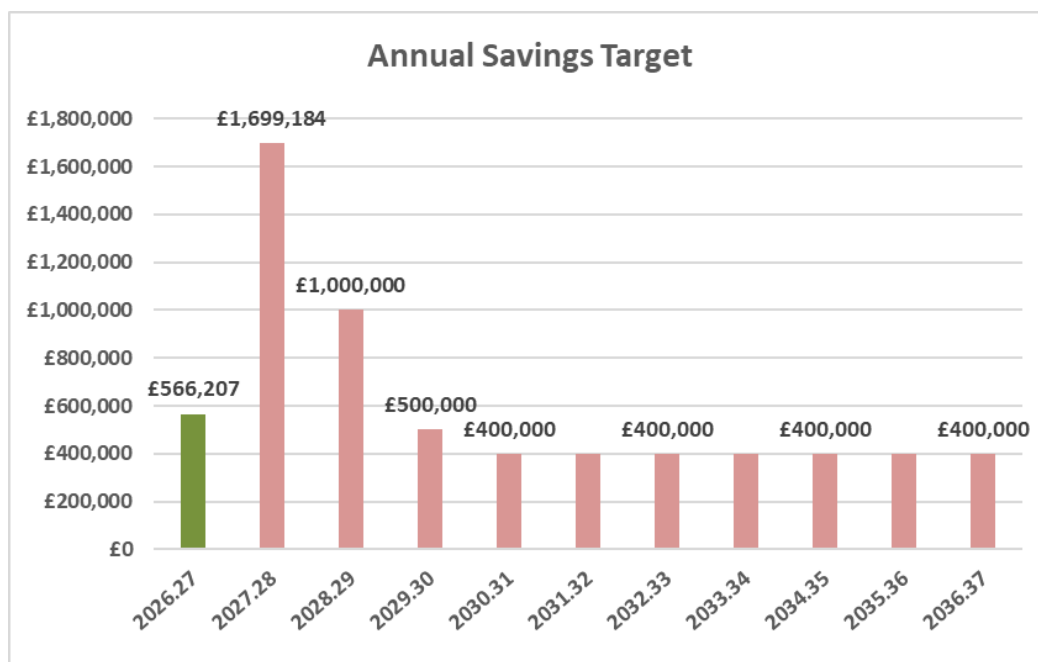
The business plan model includes all ongoing recommended changes to the budget up to the 2nd Quarter of 2025/26 and has been adjusted to reflect the assumptions and inflationary increases, detailed in the table above. There are no further one-off growth items included in the plan and the table below lists the additional ongoing revenue items that have been identified.

Ongoing Growth	£
Additional Pension Scheme Contributions.	£30,000
Tenant Engagement	£30,000

Stairlift Contract – higher volumes to be included will increase costs overall even if more competitive pricing is secured through the procurement process	£60,000
Implementation of Awaab's Law	£80,000
New Decent Homes Standard - revenue (from 2027/28)	£500,000
Total	£700,000

- **Additional Pension Contributions** - provision has been made for estimated additional payments of £30,000 per annum, into the Local Government Pension Scheme that may be required following the latest triennial funding review due from 1 April 2026.
- **Tenant Engagement** - an additional £30,000 budget has also been added to enhance tenant engagement and help meet the latest regulatory requirements of the Transparency, Influence and Accountability Standard which is also necessary to deliver the requirements as set out in the Provider Improvement Plan that the Council has with the Regulator of Social Housing.
- **Stairlift Maintenance Contract** - it is expected that the latest contract procurement for this will be £60,000 higher than the current budget.
- **Implementation of Awaab's Law** - an additional £80,000 budget has also been included to enable the administrative implementation of the new legislation.
- **New Decent Homes Standard** - there is also additional revenue that has been included for increased expenditure to meet the new decent homes standard. The consultation on a new standard closed in September 2025 and firm proposals are expected from the Government in the coming months. As the timing and details of the changes are yet to be agreed the growth has been included from 2027/28 and is not in next year's figures, to reflect likely implementation times.

To offset these growth items and the higher levels of investment in the housing stock, savings are required in the plan. Identified ongoing savings of £566K have been included for 2026/27, with further savings targets needed to balance the plan. A ten-year programme of savings has been included in the model from 2027/28, shown in the graph below in red.



There are two elements to the savings target in 2027/28:

- a general savings target of £1Million across all HRA service costs.
- a “one-off” specific assumed target of £699K that represents a 5% reduction in repairs and maintenance costs. This is intended to reflect the potential impact of retendering exercises, current management improvements and increased capital investment in the housing stock. This is an ambitious target and will need to be assessed during 2026/27 to determine whether it is achievable and revised if necessary.

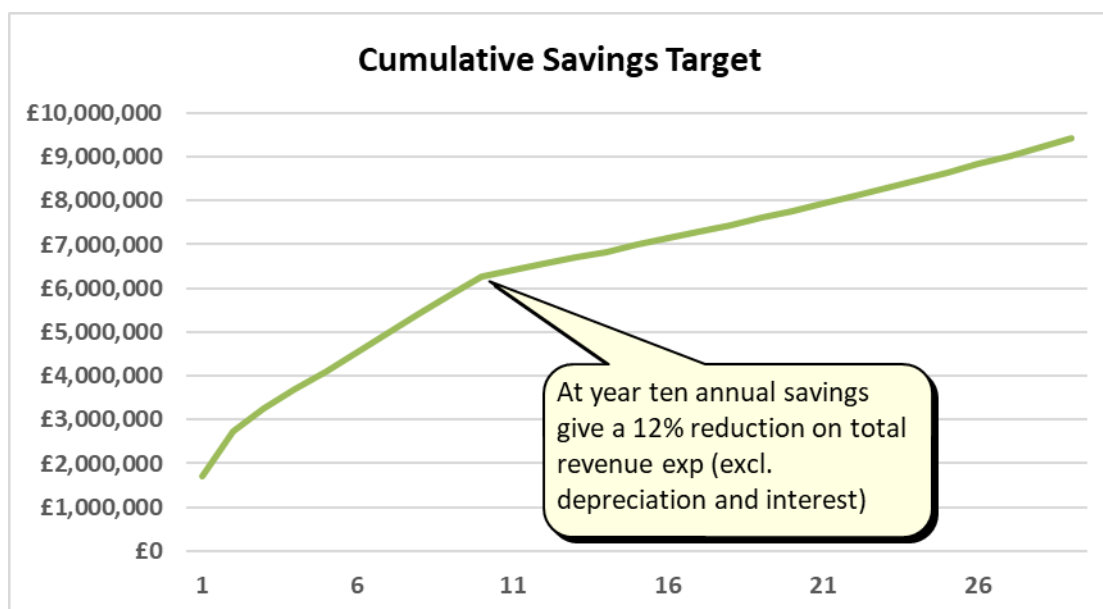
Further general savings of £1Million and £500K have been included in 2028/29 and 2029/30, followed by seven further years of £400K per annum.

These savings are required to reset base revenue costs within the account, over the remainder of the plan. If this adjustment is not made it is not possible to sustain investment in the housing stock and service existing debt, without risking entering a “debt spiral”, illustrated in the table below.

	Proposed Savings	£500K PA for 8 years	Difference
Peak debt in the plan	£354M	£404M	£50M
Total interest paid over 30 years	£254M	£407M	£153M
Loan remaining at 30 years	£0M	£246M	£246M

The table above shows that the impact of limiting savings to £500K per annum for eight years and keeping the same level of planned expenditure would mean an increase in total interest paid from £254Million to £407Million and peak indebtedness would increase from £354Million to £404Million as there would be insufficient

resources to meet the needs included within the HRA Business Plan. However, in the 2025 business plan, the HRA can service debt and, with the current parameters, will end the 30-year period debt free, or with capacity to meet future needs. However, with only £500K savings per year from year 1 to year 8 there would still be £246Million of outstanding debt at the end of the plan.



The graph above shows the inflated cumulative impact of the proposed savings targets. By year 10 of the model £5.8Million of total on-going savings will need to have been made from the revenue budget or reduced capital expenditure. To achieve these savings a continuing programme of efficiency reviews will need to be maintained, in advance of each budget setting process. These will challenge existing costs and find efficiencies and improvements for the housing service and support services recharged from the General Fund.

Rental Income

As previously stated on page 4, social rent is controlled by Government policy and regulation. However, the business plan model does include assumptions about future rent policy and the outcome of proposed changes to the current regulations.

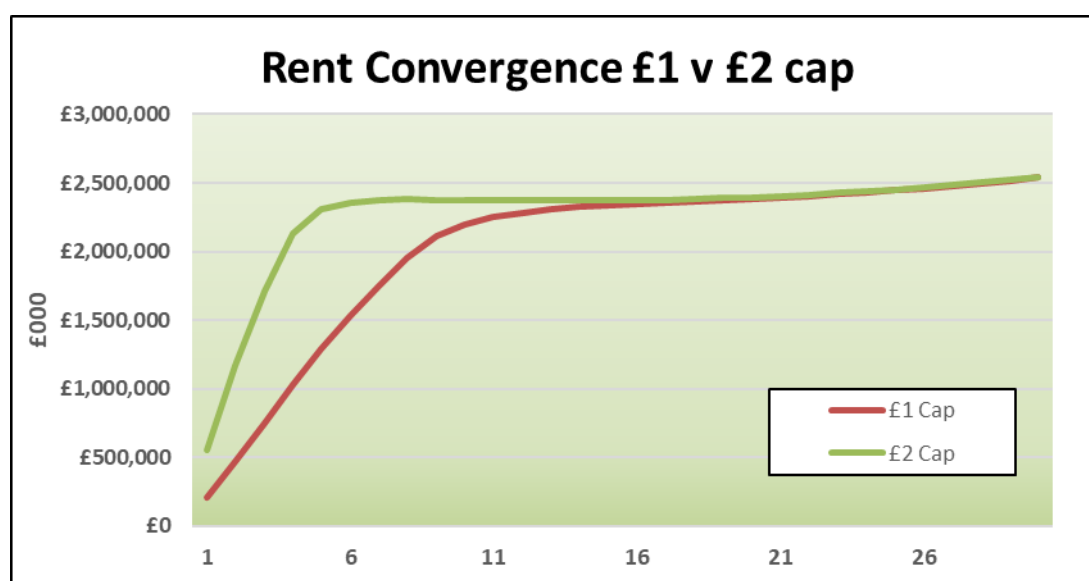
The current Rent Standard, issued by the Government, allows for rents to increase by September's Consumer Prices Index (CPI) plus 1%, to be applied in a rent increase in the following April. **There is an assumption in the model that this will continue throughout the life of the plan.**

The majority of the Council's housing stock is set in line with a national rent formula issued by the Government. Initially, it was intended that all social landlord rent would converge with this formula, giving compatibility between different local providers. However, over time the process was adjusted many times and finally abandoned. The Council continued with a policy of moving rents to formula when the property

was relet, but the vast majority of the Council's homes have still not converged with the formula.

Rent Convergence

For 2026/27 the Government have issued a draft rent standard and a consultation paper on re-commencing the convergence process and bringing rents in line with the national formula. They have consulted on either a £1 or £2 per week limit on the increase, but the results of the consultation are not known currently. **Therefore, the model has been based on the assumption that there will be a lower £1 per week limit on rent convergence from 2026/27.**



The graph above shows the impact of a £1 limit on rent increases versus a £2 limit, both of which were included in the government consultation document on rent convergence. Under the £1 limit there would be an additional £3.7 Million in the first 5 years (as included in the model), while under the £2 limit this would increase to £7.9 Million. Due to the formula calculations these lines converge in the mid part of the plan, but if the £2 limit is approved by government it would generate additional income of £4.1 Million in the next 5 years.

Following a void period, property rents are reset to formula rent but approximately 88% of Council properties are still below formula rent levels. It should also be noted that approximately 60% of households are in receipt of Universal Credit or Housing Benefit and the Council also provides a breadth of tenancy support, Welfare and Debt Advisors and Citizens Advice referrals to support tenants that may need additional help to meet their rent obligations. The chart on page 32 also shows that the Council's rents are much lower than the private sector with average rent of £122 per week compared to £319.

However, there is the risk that the Government do not adopt this policy and this would mean an additional £3.7 Million of savings would need to be added to the savings targets for the fund.

Rent Flexibility

Due to the increased financial pressures faced by the HRA, the Council has also adopted a policy of applying rent flexibility to homes when they are relet. Under the Government's rent standard, there is a current mechanism for the Council to increase rents by 5% for general need properties and 10% for sheltered accommodation, above the standard formula rent. This increase only applies to new tenants and will take time to secure additional funds, but by year five of the plan is projected to raise an additional £1 Million in rental income.

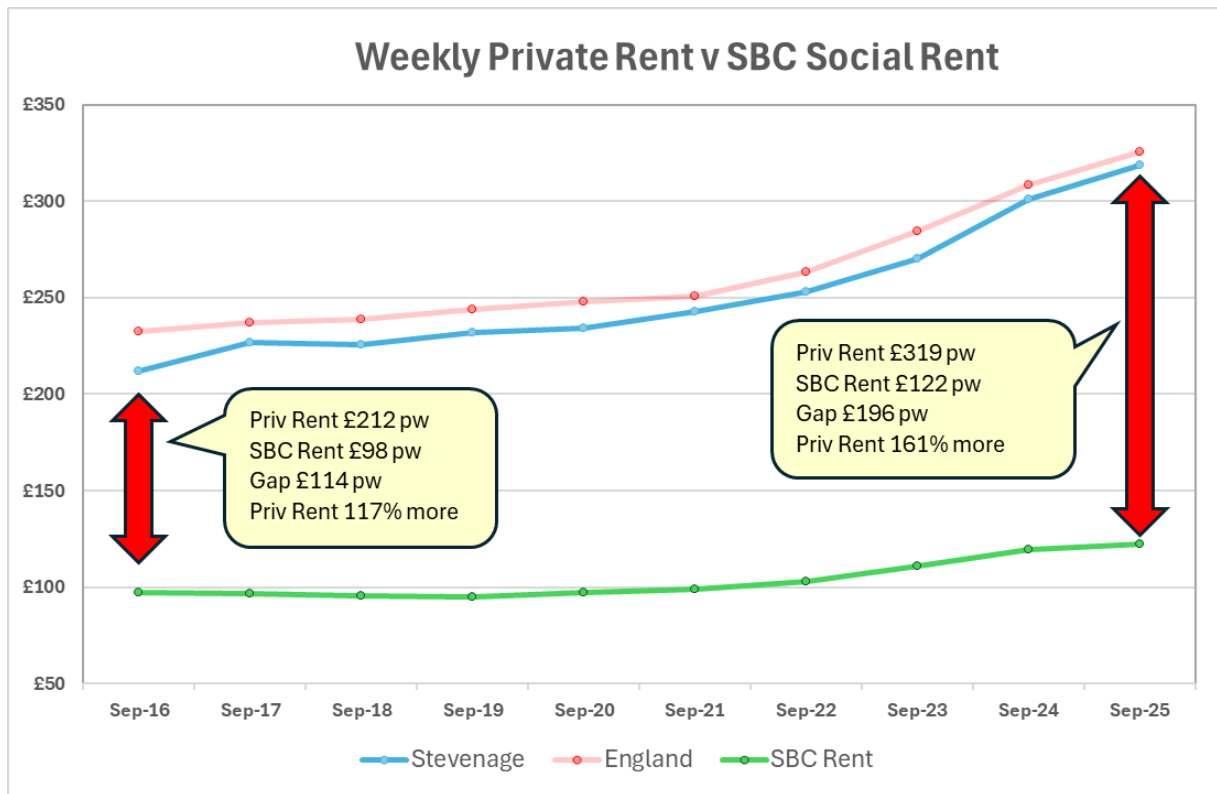
Year	£1 Rent Convergence Gain	Total Rent Flex.	Included in Plan	£2 Rent Convergence Gain
2026.27	£209,217	£180,705	£389,922	£553,614
2027.28	£471,743	£428,853	£900,596	£1,169,053
2028.29	£744,788	£617,073	£1,361,862	£1,709,341
2029.30	£1,025,239	£808,049	£1,833,288	£2,127,292
2030.31	£1,294,917	£1,001,975	£2,296,892	£2,307,429
Total	£3,745,904	£3,036,656	£6,782,560	£7,866,729

The table above shows the combined impact of the changes to rent policy and the potential impact, if the Government decide to allow for a £2 limit on rent increases and not the £1 included in the model.

Affordability and Market Comparison

Although these changes will increase overall rent levels for tenants, they are supported by either Housing Benefit or Universal Credit. The Council will continue to support tenants with debt advice and working with other agencies in supporting customers who find themselves in financial difficulty. However, in order to provide a viable financial base for the ring-fenced account and meet the current new demands on the service, it is necessary to raise additional income from rent.

To put this in context, the next table shows a comparison of average Stevenage Borough Council rent compared to private sector rents for both Stevenage and the whole of England.



The graph above shows that in 2016 average weekly rent for the Council was £114 lower than private rent of £212, a difference of 117%. During the 10 years covered in the graph government policy resulted in four successive 1% rent reductions from 2016 to 2019 which had an estimated cost to the Council of £225M, this was followed by a further rent cap of 4.1% in 2023 due to higher inflation levels. The result of these caps has been that the Council's average rent is now £196 lower than the average private sector rent in Stevenage, a much higher 161% difference.

	Average Wkly Rent 25/26	Difference	Approx Annual Rent Loss
SBC Rent + CPI Increase	£134.58	£12.31	£5,119,962

The table above illustrates the approximate rent loss that has resulted from the application of the national social rent policy. If rents had risen in line with CPI inflation alone, then the account would have an additional £5.1Million a year.

Year	Unconverged Rent	Converged Rent	Increase	%
2026/27	£128.32	£129.21	£0.88	0.69%
2027/28	£132.49	£134.29	£1.79	1.35%
2028/29	£136.47	£139.20	£2.73	2.00%
2029/30	£140.56	£144.25	£3.69	2.62%
2030/31	£144.78	£149.40	£4.62	3.19%

The table above shows that on average the impact of rent convergence with the formula will increase weekly rents by 0.69% in year 1 rising to 3.19% by year 5. Therefore, this analysis illustrates that, while rent convergence and the application of rent flexibility will marginally increase rents for tenants, the Council's social housing rent levels remain far lower than market rents and provide much more affordable accommodation for residents of the borough (please refer to the graph on page 34)

Capital Investment

There has been a significant increase in capital investment since the previous business plan. The table below shows the like for like comparison of the current year plus five years between the last plan and the current proposal.

Years 2025/26 to 2030/31	Last Plan	Current Plan	%tage Change
	£000	£000	
Major Works & Improvements	£132,607	£170,329	28%
Development Schemes	£81,850	£102,684	25%
Other	£10,709	£12,632	18%
Total	£225,165	£285,645	27%

Funding			
External Borrowing	£63,725	£111,869	76%
RTB Receipts	£32,860	£42,743	30%
Grant	£0	£25,686	100%
Other Capital Receipts	£14,901	£16,792	13%
Major Repairs Reserve	£102,314	£86,372	-16%
Revenue Contributions	£11,366	£2,184	-81%
Total	£225,165	£285,645	27%

The latest stock condition survey data has been incorporated into the business plan model for investment in the existing housing stock for major works and improvements. While the overall level of investment required over the 30-year programme has not changed substantially, the surveys indicate that more work needs to be completed in the early years of the plan than the last data set used.

Overall, this has contributed to a £38Million (28%) increase in expenditure compared to the last forecast. There has also been a £21Million increase in the housing development budget, although the majority of this change relates to the timing of development schemes, rather than increased costs.

This increase in budgeted investment has also been funded by large grant contributions to new building schemes (£26Million) and higher than anticipated right to buy receipts due to the regulation changes (£10Million) offsetting the increased development budget. However, depreciation used to fund the Major Repairs Reserve, is now lower than projected in the last plan by £16Million together with lower revenue contributions to capital of £9Million, due to the increased revenue pressures such as higher repair costs. This has meant an increase in borrowing of

£48Million (compared to the 2023 plan) to support the accelerated stock investment programme.

Capital Investment (base + 30 years)		
	£000	%
Major Repairs	£744,729	57.95%
New Build Dev	£457,334	35.59%
Other	£83,018	6.46%
Total	£1,285,081	100.00%

The proposed plan enables total investment of £1.3Billion. The majority of the capital expenditure relates to investment in existing stock at £745Million (57.95%). However, there is still a significant investment in new housing of £457Million (35.59%) giving a projected net growth of 1,107 homes over the life of the plan.

It should be noted that while there is provision in the capital budgets to meet some decarbonisation goals, due to the uncertainty in technology and funding arrangements, this proposal does not include the cost of fully decarbonising the Council's housing stock. This issue will need to be addressed in future modelling and take into account future Government targets and policies.

Financial Model Risks

Section 12 of the plan highlights significant risks and mitigations considered in producing the new business plan, but there are specific financial risks that have been identified relating to the financial model. These are:

- **Inflation** – recently this has been difficult to predict and impacts both income and expenditure within the model. It is the main driver for rent levels and is key to the overall stability of the HRA, inflation assumed in the model is set out on page 28.
- **Interest Rates** – as the business plan now relies more heavily on borrowing, especially in the early years, it is more exposed to changes in borrowing rates. Current rates are relatively high and the plan assumes lower interest rates in the medium to long term. Interest borrowing rates assumed in the plan are 3.75% in the longer term.
- **Rent Policy** – the Council is currently waiting for confirmation of the latest rent standard from the Government for 2026/27 onwards. The plan assumes that the Government will restart the rent convergence process, with a limit of £1 per week on rent. This has not been confirmed and remains a financial risk for the plan (see also pages 31/32).
- **Regulation Changes** – the social housing sector is now subject to new regulations and standards. These continue to develop and evolve, as the Regulator carries out more inspections of Local Authorities. Changes in best practice that result from the Regulators work could increase operating costs in the short to medium term of the plan.

- **Climate Goals** – the Council is committed to achieving net zero as an organisation, but there are currently technical and funding issues regarding the decarbonisation of the housing stock. It is unlikely that the Council could meet the costs entirely from tenant's rents and currently a definitive solution has not been identified. This area will need to be addressed in future plans.
- **Increased Right to Buy** – Following the Governments changes to RTB discounts and taking into account the intention to further adjust the policy, the Council has reduced the average expected sales through the scheme from 35 to eight a year. The Council currently has more demand for housing than can be met by the existing housing stock and the model allows for a net gain in properties over 30 years, but any significant increase in RTB sales would reduce income and place additional pressure on the development of new provision.
- **Aids and Adaptations** – there is currently sustained pressure on the capital budgets for adaptations to tenant's properties. This cost must be met by the Council from within the HRA and there is currently a backlog and need for an estimated additional £600K per annum. This work is demand led, but further analysis of the stock and current types of occupancy should enable a better estimate of the long-term liabilities in this area and will be reflected in future plans. In the medium term the current work programme will be met from existing capital resources.

Financial Model Mitigations

To offset these risks there are potential mitigations that are either included in the proposed plan or could be enacted if necessary.

The Council currently aims to have approximately half of its new development as affordable rent properties, at 80% of market rents. However, this is dependent on funding arrangements and the nature of each scheme. As the majority of existing properties are currently let at social rent, even with this development target, affordable rent properties will only make up 8% of the total rented stock by year 30 of the plan.

This does allow the Council scope to increase the number of affordable rent properties, where this is needed to make future development schemes financially viable. The current business plan proposal has continued to hold a relatively prudent level of balances of at least £10Million. This is necessary to offset any increased risk from the cost of borrowing and to offset any operational risks, particularly in maintenance and repairs costs. This will also allow for a degree of flexibility in meeting the challenging savings targets included in the plan.

While the business plan does include high borrowing in the first 10 years, debt is paid off over the life of the plan, mainly due to the reduction on RTB sales. This shows that there is still capacity in the proposals to meet future challenges and that current borrowing levels do not adversely impact later years.

Summary

The table below provides a summary of the overall commitments included in the revised HRA Business Plan, based on the proposals and assumptions above.

 Borrowing and RCCO	 Housing Development	 Housing Asset Management	 Housing Service Delivery
New Borrowing for Capital Investment £171m (30Yrs) Refinanced debt to enable revenue operations £175m (30Yrs) Revenue contribution to capital £2.2m in (years 1-5) RTB changes mean lower investment need and repayment of Debt within 30yrs	Invest £457m in new stock (30Yrs) Deliver 1,470 units (30Yrs) 320 in next 5yrs Deliver new homes to 5 star promise Secure grant funding for schemes where possible - £25m included in the plan	£744m stock investment funding (30Yrs) £148m in next 5 yrs £699m repairs, void and cyclical maintenance (30Yrs). Efficiency target of £699K (5%) for 27/28 All properties to EPC-C by 2030	£775m in non-maintenance revenue funding (30yrs) Savings £566k 26/27 then £1m 27/28 £1m 28/29 £500K 29/30 £400K until 36/37 Total saving of £3.5m per annum by year 5. Growth of £700k pa to enable service improvement / efficiency

11. HOUSING REVENUE ACCOUNT - MEDIUM TERM FINANCIAL STRATEGY (MTFS)

The MTFS sets out the financial framework for managing and investing in Stevenage Borough Council's housing stock over the next five years based on the first five years of the 30-yr business plan.

The assumptions used in the first five years of the 30-year business plan are more certain than later in the programme. The tables below summarise the MTFS position and show both the revenue and capital projections for the HRA.

Revenue

	Medium Term Position (Base Year + 5)					
	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31
	£000	£000	£000	£000	£000	£000
INCOME AND EXPENDITURE						
Income						
Dwelling Rents	50,266	53,115	56,387	59,228	61,493	64,140
Service Charges	2,817	2,926	3,029	3,120	3,215	3,312
Other Income	3,194	3,089	3,307	3,419	3,539	3,658
Total Income	56,277	59,130	62,723	65,768	68,246	71,110
Expenditure						
Repairs and maintenance	14,867	14,549	14,937	15,385	15,847	16,366
Supervision and management	20,961	21,658	21,266	20,842	20,919	21,105
Depreciation (Contrib to MRR)	13,138	13,512	14,044	14,793	15,222	15,663
Total Expenditure	48,966	49,719	50,248	51,020	51,987	53,133
Net cost of services	7,311	9,411	12,475	14,748	16,258	17,977
Interest payable incl amortisation	(9,094)	(9,674)	(11,393)	(11,872)	(12,437)	(12,181)
HRA investment income	1,198	683	359	224	200	201
Surplus / (deficit)	(585)	420	1,441	3,099	4,022	5,998
MOVEMENT ON HRA BALANCES						
Surplus / (deficit) for the year	(585)	420	1,441	3,099	4,022	5,998
Capital funded by Revenue	0	(599)	(1,584)	(0)	0	(0)
Transfer (to)/from Reserves	500	8,000	8,786	0	0	0
Loan Repayment	(500)	(8,000)	(8,700)	(3,200)	(3,800)	(6,100)
HRA balance Incr/(Decr)	(585)	(179)	(57)	(101)	222	(103)
HRA Balance Brought Forward	10,926	10,341	10,162	10,104	10,004	10,225
HRA Balance Carried Forward	10,341	10,162	10,104	10,004	10,225	10,123

The main points of note included in the revenue position are:

- **Income** - rental income includes the impact of rent flexibility on relets and rent convergence with a £1 per week limit. Service charges and other income remain in line with inflation, if this were not to be approved, the 2026/27 year-end reserves position would be £x lower and the savings target for 2027/28 £x higher.
- **Repairs and Maintenance** – there is a 5% savings target applied in 2027/28 that reduces the base cost, and then normal inflation is assumed in the remaining years. However, the timing of the saving may need to be adjusted, or spread over the medium term, and this will be reported in future years.
- **Supervision and Management** - this covers most management and other service budgets, excluding repairs, and for modelling purposes the savings

targets are included within these budgets. This has led to reduced costs over the first four years, but the savings may be identified in other areas and future budgets will be adjusted to reflect this. Like the repair's savings targets, the timing of these savings may change when service reviews are complete and proposals are fully calculated.

- **Depreciation** - this is driven from capital spend and has increased in line with inflation and is used as a contribution towards capital investment in the existing housing stock, although lower than in the previous business plan.
- **Interest** – the interest payable on loans will increase over the medium term in line with the borrowing required to enable investment in the housing stock. In contrast, interest earned will reduce, as it is anticipated that balances will fall over the next five years. It is expected that RTB receipts will be used on new developments, the debt repayment reserve will be used when loans become due and the HRA will be left with a balance of £10Million in reserve. The average interest rate for the period 2025/26-2030/21 is x% and x% for new loans
- **Movement on Balances** – in the first three years in the table loan repayments are being met from the reserves. However, from 2028/29 it is projected that the HRA will need to generate surpluses to service some of the 2012 self financing loans that will be due. It can also be seen that there is limited scope for revenue contributions in this period, but projections indicate that £2Million will be available to fund capital schemes.

Capital

	Medium Term Position (Base Year + 5)					
	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31
	£000	£000	£000	£000	£000	£000
CAPITAL EXPENDITURE						
Major Works & Improvements	22,706	31,246	29,915	29,332	29,032	28,099
Development Schemes	20,640	42,347	13,797	6,500	11,000	8,400
Other	1,987	2,042	2,087	2,129	2,172	2,215
Total Expenditure	45,333	75,635	45,799	37,961	42,204	38,714
FINANCING						
External Borrowing		35,608	16,604	15,910	18,279	17,597
RTB Receipts	14,556	10,140	4,190	3,544	5,802	4,512
Grant	8,446	11,317	5,923	0	0	0
Other Capital Receipts	1,440	4,341	3,454	3,714	2,901	942
Major Repairs Reserve	13,020	13,630	14,044	14,793	15,221	15,663
Revenue Contributions	0	599	1,584	0	0	0
Total Financing	45,333	75,635	45,799	37,961	42,204	38,714

The main points from the capital table are:

- **Major Works and Improvements** – the proposed business plan has increased the amount of investment in the existing housing stock over the first

years of the plan in response to the findings of the latest stock condition surveys. This has been reflected in the medium-term position with an expected investment of £148Million over the next five years.

- **Development Schemes** – expenditure in this area does reduce over the medium term, but this is mainly due to timing of proposed schemes and later years have higher levels of investment.
- **Financing** - there is significant borrowing required for capital expenditure, mainly to support increased investment in major works and improvements. Right to buy receipts are expected to be used at a higher rate, in line with new spending rules. However, they are projected to reduce, as house sales fall over the medium term due to lower the discounts available. Significant grant from Homes England has been included in the opening three years of the table that mainly relates to new property development. While there is currently no expectation of further grant in the last three years, other opportunities may still become available and will be included in future plans. Lastly there are still significant capital receipts due from leasehold customers relating to major refurbishment schemes and these are included in the medium term financing position.

In summary, the medium-term position for the HRA will require significant levels of capital investment and new borrowing. However, to make sure that the fund remains viable there are changes to rent levels and significant savings will need to be identified. Due to the major changes required over the next five years, this position will need regular reviews and will be subject to change, as work programmes are finalised and savings identified. Due to the risk inherent in these changes the plan has also anticipated a higher level of reserve, at £10Million, to give the Council flexibility over the MTFS.

12. STRATEGIC OPTIONS FOR THE FUTURE

This report has detailed the current level of uncertainty in key aspects of policy, regulation and investment for the HRA. This means that there are several areas that will need to be revisited in future plans, including:

- **Climate Change and Net Zero** – the plan currently does not include provision for reaching net zero in the housing stock, but some existing maintenance costs would probably be used to help achieve this target. Future plans will need to address this issue in line with both local and national policy.
- **Revised Decent Homes Standard** – the details for a new decent homes standard are currently not finalised. Some financial provision has been allowed in the model to offset any increased cost, but this will need to be revised when the full details are known.
- **Identification of Savings** – the model includes challenging levels of savings in order to balance the HRA. These will need to be identified and achieved in future

budget rounds. The following table summarises the opportunities that have or can be explored to identify potential savings.

The table below illustrates the progress made on the options brought forward at the last HRA MTFS and approved by Cabinet in November 2024. Some projects are on-going and due for completion during 2026/27.

Description	Mandatory or Discretionary Spend	Savings built in to HRA MTFS	Savings included in Revised Plan	Comments
Rent flexibility	Discretionary	✓	✓	The plan assumes implementation from 2025/26 onwards.
Rent Policy – CPI+1%	Discretionary	✓	✓	The Plan assumes rent policy will apply for next 10 years and that the maximum increase will be applied, and CPI only thereafter.
Repairs and Maintenance	Mandatory	✓	✓	Savings of circa £1m are built into the base budget compared to actual spend in 2024/25. A further 5% savings target built into the plan from 2027/28. This represents a challenging target given this is a demand led service. Improved VFM is being achieved through the procurement of new support contractors for the Repairs service which will assist in keeping spend within budget IN 2025/26 although some pressures may outweigh current funding levels – for example Damp and Mould and Disrepair.
Voids	Mandatory	✓	✓	The base budget within the plan builds in savings compared to spend in 2024/25 agreed as part of the HRA MTFS. However, there is an in-year pressure on the 2025/26 budget as reported in the Q1 and Q2 financial reports. Achieving sustainable lower spend on voids will depend on properties being handed

Description	Mandatory or Discretionary Spend	Savings built in to HRA MTFS	Savings included in Revised Plan	Comments
				back in a better condition and volumes being within a 'normal' range. Implementation of the future delivery model as agreed by Cabinet in October 2024 may/may not improve VFM compared to the more competitive rates secured from contractors we have seen in 2025/26 through rolling procurement processes. A long term contract will be in place for works to void properties by end of Q4.
Housing Management Service Reviews	Mandatory	✗	✓	A saving has been identified through a review of tenancy management which has been built into the savings identified for 2026/27 in the plan.
Service Charges	Mandatory	✗	✗	A review is planned to ensure that service charges are applied appropriately, and recovery is maximised in accordance with tenancy/lease provisions. Savings identified will be for 26/27 in the plan.
Temporary Accommodation (TA) Review	Discretionary within the HRA	✗	✗	A review of TA is being undertaken which will include exploring how the cost of utilising HRA properties as TA can be minimised and will also review TA charges.
Independent Living Review	Discretionary	✗	✗	Income generated from rent and support charges does not cover costs of providing the service. A service review is being carried out to look at opportunities to move closer to a self-funded model. The review is expected to conclude by June 26 with proposed savings options adopted for the 26/27 plan.

Description	Mandatory or Discretionary Spend	Savings built in to HRA MTFS	Savings included in Revised Plan	Comments
Aids and Adaptations	Discretionary	✓	✓	The budget was reduced by circa 50% in 2025/26 but demand remains at a high level leading to a projected budget shortfall. This can be contained in the short term but the base budget for the plan may need to be increased in future version of the plan. Work is being carried out to assess likely future demand based on demographic profile and the number of already adapted properties given significant investment in aids and adaptations in recent years.

Identified below are further strategic options for consideration in addition to the options already approved and in progress.

Description	Mandatory or Discretionary Spend	Savings built in to HRA MTFS	Savings included in Revised Plan	Comments
Rent convergence	Discretionary	✗	✓	The plan assumes implementation from 2026/27 onwards. If this isn't implemented by the government a further £210K of savings is required in the HRA
Recharges from the General Fund	Mandatory and Discretionary	✗	✗	Where services are shared, typically but not exclusively back-office functions, between the General Fund and HRA these costs are apportioned across both accordingly. Further opportunities to reduce costs in these areas would benefit both the General Fund and HRA and will be explored through the Business Change programme.
Reduce spend on development schemes:	Discretionary			The tenure mix has been reviewed and opportunities to secure grant from Homes

- Tenure mix		✓	✓	England has/is being maximised to improve viability and reduce funding required from the HRA
- Overall number of homes		✗	✗	The forecast development spend does not have an adverse impact on the plan in the early years as reducing spend on development would not offset the revenue savings requirement.
Net zero carbon	Discretionary	✗	✗	The Plan does not include any provision for net zero carbon. This could be considered in later years of the plan where there is expected to be more financial headroom (after 2035).
Other – for example SADA	Discretionary	✗	✗	Other non-discretionary services funded through the HRA could be considered for potential savings although these are relatively low spend areas.

Note: mandatory is defined as a service which is required to meet legal and/or regulatory requirements and/or contractual obligations (tenancy agreement/lease).

New Development tenure mix – depending on the financial viability of future development schemes and the revenue position of the HRA, it may be necessary to revise the current 50/50 split of tenure between affordable and social rent. A higher level of affordable rent properties may be necessary to meet these goals.

Due to the ongoing level of uncertainty in key areas of the HRA business plan, it will be necessary to carry out more regular revisions over the coming years and it is likely that there will be significant changes needed. However, the current proposal is based on best estimates at this time and allowances have been made for potential future changes, where this is feasible.

13. RISK ASSESSMENT

Risk Area	Risk Mitigation	Likelihood	Impact
Not able to service increased level of debt (£271Million in 2025/26 peaking at £354Million in 2031/32)	Annual review of HRA Business Plan to ensure that assumptions are correct. A higher level of HRA balances maintained to absorb cost increases. Regular review of capital programmes. Loans	Low	High

Risk Area	Risk Mitigation	Likelihood	Impact
	assumed at long term average interest rates.		
Rent and service charge income (Negative Risk) - A future Government could change current national policy of CPI+1% rent increases, which is currently in line with the Council's BP assumptions. Service charges may not be fully recovered.	Rent Setting and Service Charge Policy is in place and allows for rents to be set at formula levels on re-let, with rent convergence at a £1 limit and exercising rent flexibility at 5% on social and 10% on sheltered properties on relet. Lower than anticipated rent increases would require compensating reductions in planned spending within programmes/services.	Low	High
Unexpected build price inflation for new construction schemes and/or planned works to existing homes	Forward ordering, supporting local supply chains and batching projects for optimum competitive procurement.	Medium	High
Shortage of skills and supply chain disruptions due to market slow down/national policy shifts	Supporting local SME with ongoing market engagement and support to enable competitive bidding and promoting certainty of work.	Low	Low
Stock Investment (Negative Risk) Investment needs exceed planned expenditure due to increased costs and/or unforeseen investment requirement (including planned changes to the Decent Homes and Consumer standards and meeting Building Safety requirements)	Housing Asset Strategy regularly reviewed. Stock data is further being enhanced through a rolling programme of surveys. All properties will be surveyed rather than cloning data for similar property types. Assumptions for the revised Decent Homes and Consumer Standards have been built into the plan but these will need to be reviewed when the standards are finalised.	Medium	High
Decarbonisation and Net Zero (Negative Risk) The current plan does not include provision	The Asset Management Strategy sets out the likely costs to achieve Net Zero for the councils housing stock. We have secured funding through Government grants to support homes meeting EPC C by	Medium	High

Risk Area	Risk Mitigation	Likelihood	Impact
for achieving Net Zero by 2050.	2030. We will continue to seek additional funding to support the decarbonisation of the housing stock.		
Building Safety Act (Negative Risk) The requirements of the act currently only apply to those buildings greater than 18m. There is a potential for height requirements to change which would bring more SBC buildings into scope and increase the financial requirements for the council. To maintain compliance with the Consumer Standards and achieve a C1 rating may lead to further pressure around building safety related spend.	The implications for a change of scope are being captured to allow us to understand the implications to any change in criteria for those building in scope. The cost implications for any new stock which meet the current criteria are also being captured in the business plan. The budgets for building safety related spend are being proactively reviewed to ensure full compliance with current and/or emerging requirements and if this review should identify any underlying pressure having taken into consideration savings that have and/or are expected to be generated through procurement of new compliance contracts in 2025/26 and beyond this will be reflected in future updates of the plan and/or the annual budget setting process.	Medium	High
Increased Rent Arrears leading to higher bad debt provision and increased write offs	In order to mitigate the impact on the HRA business plan, a revised Arrears Action Plan is currently being developed which will consider the cost of living and the impact this will have on vulnerable residents. A new Income Collection Policy and arrears processes will also be brought forward by the end of 2025/26.	Medium	High
Social Housing Regulation Act In the event of failure to meet the new requirements of the Social Housing Regulation Act there is a risk of	Further gap analysis against existing position and new Consumer Standard requirements. Provider Improvement Plan in place with the RSH to provide	Medium	High

Risk Area	Risk Mitigation	Likelihood	Impact
enforcement action against Stevenage Borough Council or fines for non-compliance	assurances that the Council is working towards a C1 grading. New Resident Engagement Framework in the process of implementation.		
Aids and Adaptations Should demand for aids and adaptations be sustained at the high level currently being experienced this could lead to a budget pressure in future years which in turn would lead to an increased savings target within the HRA.	The capital budgets can be reprofiled across Year's 1 and 2 of the plan, to enable an additional circa £600k per annum to be allocated to aids and adaptations. This is not sustainable in the long term but work is to be undertaken to forecast future demands on the service based on demographic profiling of tenant population and the current levels of adaptations within the housing stock. This will help inform relevant policy reviews and ensuring we can make best use of existing housing stock. It is also anticipated that the development pipeline which includes new ILS schemes at The Oval and Brent Court will help with meeting demand for adapted homes in later years of the HRA MTFS.	High	High

14. MONITORING AND REVIEW

The HRA Business Plan sets the broad strategic context for the delivery of, primarily, capital investment in Stevenage Borough Council's housing stock, in both the medium and long term, as well as new affordable housing supply.

The Council intends to continue to revise and update this HRA Business Plan on a regular basis, and this will include producing an updated 30-year model, with year 1 being moved on each year. These revisions will take into account future changes in Government Policy, the latest revenue and capital funding positions, an updated understanding of the stock investment requirement, and decisions in relation to investment in new supply and regeneration schemes.

In year monitoring of financial performance is to be undertaken through the Councils normal budget reporting framework, which includes quarterly updates.

HRA Business Plan - 30 Year Revenue Account Summary

Medium Term Position (Base Year + 5)							Full Plan Summary			
	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31	Yrs 1-10	Yrs 11-20	Yrs 21-30	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
INCOME AND EXPENDITURE										
Income										
Dwelling Rents	50,266	53,115	56,387	59,228	61,493	64,140	656,733	964,749	1,382,133	3,003,616
Service Charges	2,817	2,926	3,029	3,120	3,215	3,312	33,719	45,412	61,132	140,264
Other Income	3,194	3,089	3,307	3,419	3,539	3,658	36,951	48,908	65,078	150,937
Total Income	56,277	59,130	62,723	65,768	68,246	71,110	727,403	1,059,069	1,508,344	3,294,817
Expenditure										
Repairs and maintenance	14,867	14,549	14,937	15,385	15,847	16,366	166,701	225,985	306,615	699,301
Supervision and management	20,961	21,658	21,266	20,842	20,919	21,105	213,808	246,768	314,443	775,019
Depreciation (Contrib to MRR)	13,138	13,512	14,044	14,793	15,222	15,663	160,120	225,427	316,753	702,301
Total Expenditure	48,966	49,719	50,248	51,020	51,987	53,133	540,629	698,179	937,812	2,176,620
Net cost of services	7,311	9,411	12,475	14,748	16,258	17,977	186,774	360,890	570,532	1,118,196
Interest payable incl amortisation	(9,094)	(9,674)	(11,393)	(11,872)	(12,437)	(12,181)	(120,288)	(102,419)	(22,366)	(245,072)
HRA investment income	1,198	683	359	224	200	201	2,693	2,149	11,183	16,025
Surplus / (deficit)	(585)	420	1,441	3,099	4,022	5,998	69,179	260,621	559,350	889,149
MOVEMENT ON HRA BALANCES										
Surplus / (deficit) for the year	(585)	420	1,441	3,099	4,022	5,998	69,179	260,621	559,350	889,149
Capital funded by Revenue	0	(599)	(1,584)	(0)	0	(0)	(2,562)	(80,155)	(180,024)	(262,741)
Transfer (to)/from Reserves	500	8,000	8,786	0	0	0	16,786	0	0	16,786
Loan Repayment	(500)	(8,000)	(8,700)	(3,200)	(3,800)	(6,100)	-83,263	-179,801	-178,704	(441,769)
HRA balance Incr/(Decr)	(585)	(179)	(57)	(101)	222	(103)	141	664	200,621	201,426
HRA Balance Brought Forward	10,926	10,341	10,162	10,104	10,004	10,225	10,341	10,481	11,146	10,341
HRA Balance Carried Forward	10,341	10,162	10,104	10,004	10,225	10,123	10,481	11,146	211,767	211,767

HRA Business Plan - 30 Year Capital Investment Summary

Medium Term Position (Base Year + 5)

	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31
	£000	£000	£000	£000	£000	£000

CAPITAL EXPENDITURE

Major Works & Improvements	22,706	31,246	29,915	29,332	29,032	28,099
Development Schemes	20,640	42,347	13,797	6,500	11,000	8,400
Other	1,987	2,042	2,087	2,129	2,172	2,215
Total Expenditure	45,333	75,635	45,799	37,961	42,204	38,714

Full Plan Summary

Yrs 1-10	Yrs 11-20	Yrs 21-30	Total
£000	£000	£000	£000

FINANCING

External Borrowing		35,608	16,604	15,910	18,279	17,597	135,755	27,592	0	163,347
RTB Receipts	14,556	10,140	4,190	3,544	5,802	4,512	40,220	29,028	41,005	110,253
Grant	8,446	11,317	5,923	0	0	0	17,240	0	0	17,240
Other Capital Receipts	1,440	4,341	3,454	3,714	2,901	942	16,998	5,337	6,748	29,083
Major Repairs Reserve	13,020	13,630	14,044	14,793	15,221	15,663	160,238	225,427	316,753	702,417
Revenue Contributions	0	599	1,584	0	0	0	2,562	80,155	180,024	262,741
Total Financing	45,333	75,635	45,799	37,961	42,204	38,714	373,012	367,539	544,531	1,285,080