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**Report of:** *Executive Director, Place*

**Report to:** *Cabinet*

**Date of Decision:** *16 January 2019*

**Subject:** *Housing Revenue Account (HRA) Business Plan and HRA Budget 2019/20*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input checked="" type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? <i>Neighbourhoods and Community Safety</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>Safer and Stronger Communities</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given? 404		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		

**Purpose of Report:**

The report provides the 2019/20 update of the Housing Revenue Account (HRA) Business Plan. It includes proposals to:

- Take a proactive approach to managing our neighbourhoods and supporting our tenants
- Prioritise investment in fire safety measures
- Continue to deliver improvements to our tenants' homes to make sure they

continue to be well maintained over the next 5 years

- Keep costs under control and explore HRA savings with the aim of getting better value for money on contracts and paying for the services we use
- Accelerate the council housing new build programme and maximise the use of HRA flexibilities to further increase the provision of new homes

**Recommendations:**

It is recommended that Cabinet recommends to the meeting of the City Council on 6 February 2019 that:

1. The HRA Business Plan report for 2019/20 as set out in the appendix to this report is approved
2. The HRA Revenue Budget 2019/20 as set out in the appendix to this report is approved
3. Rents for council dwellings including temporary accommodation are reduced by 1% from April 2019 in line with requirements in the Welfare Reform and Work Act 2016
4. Garage rents for garage plots and garage sites will remain unchanged for 2019/20.
5. The community heating standing charge will increase by 2.6% for 2019/20
6. The sheltered housing service charge will remain unchanged for 2019/20
7. Burglar alarm charges will remain unchanged for 2019/20
8. Service charges for furnished accommodation will remain unchanged for 2019/20

**Background Papers:**

Appendix- Sheffield City Council Housing Revenue Account Business Plan 2019-2020

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Karen Jones</i>
		Legal: <i>Andrea Simpson</i>
		Equalities: <i>Louise Nunn</i>
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	<b>EMT member who approved submission:</b>	<i>Laraine Manley</i>
3	<b>Cabinet Member consulted:</b>	<i>Cllr Jim Steinke</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	<b>Lead Officer Name:</b> <i>Janet Sharpe</i>	<b>Job Title:</b> <i>Director of Housing</i>
	<b>Date:</b> <i>07 January 2019</i>	

## 1. PROPOSAL

### 1.1 Summary

1.1.1 This report provides the 2019/20 update of the Housing Revenue Account (HRA) Business Plan and a 2019/20 revenue budget for the HRA.

1.1.2 A separate report on the Capital Programme, which includes the Council Housing Investment Programme 2019/20, will be considered by Cabinet on 13 February 2019. This will include details of the Council's funded capital investment plan for council housing which complements the service and financial plans for the HRA in this report.

### 1.2 The HRA Business Plan

1.2.1 The HRA is the financial account of the Council as landlord. It is ring-fenced in law for income and expenditure in respect of council housing and housing land and certain activities in connection with the provision of council housing only. Other council services are funded through council tax and central government support which benefits all citizens of Sheffield regardless of tenure.

1.2.2 The HRA Business Plan sets out how all aspects of council housing will be funded from income (predominately rents) that the local authority is able to generate in its capacity as landlord.

1.2.3 The HRA operates within a national political context; therefore any changes within national housing policy can have a significant impact on the HRA Business Plan.

1.2.4 Each year the HRA Business Plan is reviewed and updated to set budgets and charges for the year ahead and to provide an updated 5-year plan and, within the context of a 30-year affordability profile.

1.2.5 The review of the HRA Business Plan is a dynamic process which reflects the Council's ambitions to be an excellent landlord. This is not just something that we undertake once a year. We are already looking forward to the next twelve months and are working on further priorities to meet our tenants' expectations. Additionally, given the changes that are taking place nationally in terms of the economy, a mid-year review of the HRA Business Plan will be carried out. If significant changes affect service delivery or the viability of the Business Plan the outcome of this review will be brought back to Cabinet.

1.2.6 We know that tenants want more investment in the environment around their properties in particular. Provision is limited in the HRA Business Plan for this at the moment, so this year a comprehensive review of all aspects of the Business Plan and its policies is being undertaken to free

up resources to be able to invest in existing neighbourhoods. We will continue to work with tenants and leaseholders on amending existing policies or introducing new policies during the year that could improve services and, improve the quality of homes to ensure long-term sustainability. The outcomes from this review, and discussions with both tenants and leaseholders, will help to shape next year's Business Plan. Any proposed changes to the housing policy framework will be the subject of separate executive decisions.

### 1.3 Summary of Key Changes

#### 1.3.1 • HRA Borrowing Cap

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

#### • A New Deal for Council Housing (Government Green Paper)

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

- 1) Ensuring homes are safe and decent
- 2) Effective resolution of complaints
- 3) Empowering residents and strengthening the regulator
- 4) Tackling stigma and celebrating thriving communities
- 5) Expanding supply and supporting home ownership

The Green Paper also confirmed that the Government no longer intends to implement the Higher Value Assets Levy and forced sale of higher value council housing under the Housing and Planning Act 2016 and that the relevant legislation will be repealed when Parliamentary time allows. The Green Paper also confirmed that the Government does not propose to implement the mandatory fixed-term tenancies provisions of the Housing and Planning Act 2016 "at this time". Consultation took place with tenants on the Government's Green Paper

proposals and this informed Sheffield's response back to Government. The final response can be found on the Council's website.

- National Rent Policy

The Welfare Reform and Work Act 2016 included a statutory obligation on registered providers of social housing to reduce their rents by 1% per year, irrespective of inflation, for four years. This year will be the final year of applying the 1% reduction to our rents. This has had a significant impact on our Business Plan income. The HRA in Sheffield has lost 13% of its income over the life of the plan as a result of this policy which has had a significant impact on the Business Plan.

The Government announced in October 2017 that from 2020, social and affordable rents will return to a rent increase of the Consumer Price Index (CPI) + 1% for 5 years.

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

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

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

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

- Welfare Reform

Welfare Reform represents the biggest change to the benefits system in a generation. Supporting our tenants through Welfare Reform, and in particular the transition to Universal Credit, will continue to be a key priority in 2019/20. The roll out of Universal Credit commenced in Sheffield in November 2018 for new benefit claimants. Migration of

existing claimants in Sheffield is expected to take place between 2020 and 2023. A resolution of full Council in December 2017 affirmed that no tenant of Sheffield City Council will be evicted solely as a result of delayed payments from Universal Credit. We have made further provision for an increase in arrears in 2019/20 and 2020/21 until these arrears can be collected, by which time we hope the impact of Universal Credit on tenants will have reduced. This will be reviewed on an annual basis.

#### 1.4 HRA Business Plan Priorities 2019/20

1.4.1 The key priorities for the HRA Business Plan 2019/20 are to:

- Take a proactive approach to managing our neighbourhoods and supporting our tenants
- Prioritise investment in fire safety measures
- Continue to deliver improvements to our tenants' homes to make sure they continue to be well maintained over the next 5 years
- Keep costs under control and explore HRA savings with the aim of getting better value for money on contracts and paying for the services we use
- Accelerate the council housing new build programme and maximise the use of HRA flexibilities to further increase the provision of new homes

1.4.2 The key priorities for the HRA Business Plan 2019/20 will continue to feed into the wider Housing and Neighbourhoods vision and framework.

1.4.3 Further details under each of the key themes can be found within the priorities chapter within the HRA Business Plan 2019-2020.

#### 1.5 Investment Programme

1.5.1 The aim of the investment programme is to effectively use capital and planned expenditure on our housing stock to improve tenant's homes, encourage sustainability and to reduce future revenue repair costs.

1.5.2 The 5-year investment programme will continue to prioritise and deliver improvements to people's homes (kitchens, bathrooms, windows, doors, roofs, communal areas etc.) to make sure homes continue to be well maintained.

1.5.3 Other areas of key investment priorities for 2019/20 will include additional fire safety works including sprinklers and fire stopping works and the commencement of environmental works packages to help better enhance our estates.

- 1.5.4 We are also working with tenants and residents on developing a masterplan for Gleadless Valley, with the Council leading on any resulting regeneration. The draft masterplan and any investment proposals will be considered by Cabinet in the early summer.
- 1.5.5 Environmental improvements that have been previously delayed on our estates will be required to be brought forward with the aim of improving the future sustainability of our neighbourhoods. Environmental sustainability will be improved by the introduction of a new recycling service for flats and maisonettes, ensuring that every property in the city has the opportunity to recycle paper, cardboard, cans, glass and plastic bottles, in accordance with the decision of the Cabinet Member for Environment and Streetscene in December 2018, and a review, in consultation with tenants and residents, of the continuing use of waste chute systems at the flats and maisonettes.
- 1.5.6 A more comprehensive programme of environmental improvements is also planned working with tenants and leaseholders to improve and make the best use of green areas and estate based improvements in future to ensure our estates remain safe and desirable. Options will be developed in 2019/20 for implementation from 2020/21.
- 1.5.7 The council housing stock increase programme is a key part to achieving the Council's wider Housing Strategy and contributes to delivering affordable homes to support the growth in the city. Last year the HRA Business Plan committed to an increase in the number of new Council homes through acquisitions, buying off-plan and through Council direct new build. Our aim is to reach around 1,600 additional Council homes (including specialist housing provision) by the end of 2023/24.
- 1.5.8 As well as providing new social housing, the programme provides an opportunity to introduce new shared ownership homes to meet a gap in affordable housing provision in the city. This may be particularly attractive for households who are unable to meet their housing needs in the housing market, in unsecure private sector rented housing and, for older home owners to support independent living and to free up under-occupied properties. A report will be presented to Cabinet in 2019, setting out the options and implications for the Council delivering shared ownership properties through the HRA.
- 1.5.9 Our plans are for a mix of new housing types and tenures to meet the demand for social housing in the city:
- Three older people's housing schemes
  - Learning disability schemes on two sites in the city
  - New and refurbished temporary accommodation to reduce reliance on Bed & Breakfast accommodation
  - Homes for young people
  - A range of general needs housing across the city where HRA



land is available

- Discussions with developers to purchase new homes 'off plan'
- Acquisition of land in areas where affordable homes for rent are in short supply
- A pilot scheme for shared ownership (subject to a further Cabinet decision)

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

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

1.5.12 In April 2017 the Repairs and Maintenance Service transferred back into Sheffield City Council following a period of 15 years outsourcing to Kier. The Repairs and Maintenance Service is responsible for the repairs and upkeep of the Council's housing stock as well as the many other corporate buildings belonging to the Council.

1.5.13 This year's focus has been to further stabilise the Housing Repairs and Maintenance service and to commence work on redesigning this service. This redesign work has included speaking to employees and working with tenants to help us reshape the service. The redesign work will take a further 12 months to reach a conclusion but improvements are being implemented on an incremental basis. Further work with tenants is planned in 2019/20 on developing a new repairs policy.

1.5.14 During 2019/20, efficiency savings will be reinvested back into the 30-year HRA Business Plan in line with the commitments made in the 2015 Cabinet report on Future Options for the Housing Repairs and Maintenance Service. In future the Repairs Service will operate as a

traded service. The 2015 Cabinet report envisaged exploring opportunities for joint benefits and better integration, thereby achieving efficiency savings for other Council Services. These surpluses will be reinvested into wider Council Services.

1.5.15 Further detail on the investment programme is available in the HRA Business Plan 2019/20 appendix report.

## 1.6 Financial Plan

1.6.1 The financial plan is based on a number of key assumptions to help us mitigate risks or changes that may occur in the coming year. All assumptions are reviewed and refreshed each year to reflect the changing economic environment in which the Business Plan operates.

1.6.2 In particular, the Council welcomes the recent budget announcement by Government that the HRA Debt Cap has been lifted. This means we are now able to borrow additional finance without the debt cap restraints and therefore gives us more freedom and flexibility to facilitate prudential borrowing (subject to being able to access loans through the market and finance the resultant debt portfolio). This is a welcome potential boost to our plans to increase affordable housing in the city.

1.6.3 The financial viability of the HRA Business Plan is measured by its ability to repay debt over 30 years. Mitigations previously factored into the Business Plan as a result of the 1% rent reduction remain factored into the plan for 2019/20. This is to ensure the plan is financially viable and secure over the 30-year life of the plan.

## 1.7 Financial Assumptions

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

1.7.2 The process of making all council housing rents equitable over time by letting vacant properties at the target rent level will continue. Currently the average rent is £0.79 less than 'target' compared with a difference of £0.84 last year.

1.7.3 Garage rents for garage plots and garage sites will remain unchanged for 2019/20.

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

1.7.5 The charge for burglar alarms will remain unchanged for 2019/20.

- 1.7.6 The furnished accommodation service charge will remain unchanged for 2019/20.
- 1.7.7 We have decided not to apply any inflationary uplift to any of our service charges this year. However we have made a commitment within the Business Plan to undertake a full review of all our service charges in 2019/20 to ensure that we achieve an effective balance between the cost of delivery and the income that we receive. This may mean changes to some of our service charges for 2020/21.
- 1.8 Community Heating Charges
- 1.8.1 The community heating standing charge for 2019/20 will increase by 2.6%. This equates to a £0.20 per week increase, reflecting energy prices that have been increasing steadily.
- 1.8.2 The unit kWh price will remain frozen at the current rate for 2019/20. A price freeze will also apply to the weekly sheltered housing hot water charge and the old unmetered weekly rates for the few properties not yet connected to a metered supply.
- 1.8.3 Although an increase is proposed for 2019/20 to the standing charge, this still reflects a lower increase when compared to the top energy suppliers in the UK.
- 1.8.4 The Council's heat metering scheme which began in 2014 has proven to be very successful. Since the introduction of smart meters, our customers are now saving around 40% on their heating bills compared to their previous unmetered supply. The system also provides us with comprehensive data about how each home is using their heating and gives us the ability to support and advise tenants who might be worrying about switching on their heating. This is enabling us to support individuals more and intervene earlier where required.
- 1.8.5 Feedback from our customers has been very good and the overall infrastructure to administer the scheme is operating very effectively, particularly the payment options we have been able to offer customers and the reliability of our management systems.
- 1.8.6 A full breakdown of all community heating service charges is set out in Appendix C to the HRA Business Plan 2019/20.
- 1.9 HRA Budget 2019/20
- 1.9.1 Appendix A to the HRA Business Plan 2019/20 sets out the recommended budget for 2019/20.
- 1.10 Forecast Outturn 2018/19
- 1.10.1 Revenue budget monitoring reports have been presented during the year to Cabinet. The latest position is shown at appendix A to the HRA

Business Plan 2019/20.

- 1.10.2 Further monitoring reports updating the 2018/19 position will be presented in accordance with the Council's budget monitoring timetables.

## **2. HOW DOES THIS DECISION CONTRIBUTE?**

- 2.1 The proposals in this report are aimed at maximising financial resources to deliver outcomes to council tenants in the context of a self-financing funding regime, developments in national policy, the current economic climate and reductions in Government funding. They will contribute towards the Corporate Plan priorities of Thriving Neighbourhoods and Communities, Tackling Inequalities and being an In-touch Organisation.
- 2.2 The HRA Business Plan 2019/20 will continue to contribute to the delivery of wider housing strategies and policies such as the Housing Strategy 2013-2023, the New Homes Delivery Plan 2018-2023, the Homelessness Prevention Strategy 2017-22 and the Older People's Independent Living Housing Strategy 2017-22. It will contribute to the development of a new Affordable Housing Strategy and an updated Housing Strategy, which are to be presented to Cabinet in 2019.
- 2.3 The Council must ensure that as a self-financing entity council housing in Sheffield has a sustainable future. The purpose of the HRA Business Plan report for 2019/20 is to ensure the cost of council housing - including investment in homes, services to tenants, the servicing of debt and overheads - can continue to be met by the income raised in the HRA.
- 2.4 The foundation of the HRA Business Plan is ensuring council homes are occupied because letting homes generates the rental income which funds all aspects of council housing.

## **3. HAS THERE BEEN ANY CONSULTATION?**

- 3.1 Tenants have been kept informed of developments in relation to the HRA Business Plan and updates around housing national policy such as the Housing Green Paper – A New Deal for Council Housing via a number of communications. This has included the Housing and Neighbourhoods Advisory Panel (HANAP) and Housing and Neighbourhoods Partnership meetings.
- 3.2 Consultation on Business Plan activities takes place throughout the year as part of our formal tenant governance activities. This helps us to understand what tenants think about the delivery of current services, but also to identify their priorities and shape future service needs.
- 3.3 A special HANAP meeting is taking place in January 2019 to consider the proposals within this Cabinet report. This report will also be discussed with tenant representatives at the Housing and

Neighbourhood Partnership meeting on 10 January 2019. Any relevant comments and views expressed will be offered verbally to the Cabinet meeting.

#### **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

##### **4.1 Equality of Opportunity Implications**

4.1.1 Consideration has been given to equalities relating to HRA budgets and Business Plan options and a full Equalities Impact Assessment (EIA) has been completed. Issues raised will be addressed through regular monitoring against actions in the EIA. The EIA is at Appendix D to the HRA Business Plan 2019/20.

4.1.2 The Capital Programme report to Cabinet on 13 February 2019 will deal with any equalities considerations relating to the council housing investment programme.

4.1.3 Any in year proposed change in policy or service provision will require an individual EIA.

##### **4.2 Financial and Commercial Implications**

4.2.1 The 2019/20 budget follows the principles set out in the original self-financing HRA Business Plan produced in 2012 and allows for a continuation of services to tenants, revenue repairs to properties and also financial support for the council housing investment programme by means of a contribution from revenue.

4.2.2 Any annual revenue surpluses on the account will continue to support the 30-year Business Plan.

4.2.3 The council housing capital programme will require the HRA to support further borrowing as allowed under the current Government guidelines. The debt strategy for the HRA will continue to be reviewed and developed in accordance with the Council's treasury management policy.

4.2.4 Further details on the council housing capital programme will be set out in the report to Cabinet on 13 February 2019.

4.2.5 Appendix A within the HRA Business Plan 2019/20 report details the initial 5 year projections for the HRA income and expenditure account. These are based on current assumptions and will be reviewed during 2019/20 in the light of any known changes.

##### **4.3 Legal Implications**

4.3.1 The duty to keep a Housing Revenue Account and prevent a debit balance on it and restrictions as to what may be credited or debited to the account ("the ringfence") are governed by Part VI of the Local

Government and Housing Act 1989 (the 1989 Act). This formerly included provision for annual HRA subsidy paid by central Government to local housing authorities, as determined by the Secretary of State. HRA subsidy was abolished by the Localism Act 2011, which provided for the Secretary of State to make a determination providing for the calculation of a settlement payment to or from each local housing authority. This settlement and its implications for the self-financing HRA continue to inform the HRA Business Plan.

- 4.3.2 The HRA provisions in the 1989 Act include the duty in January or February each year to formulate proposals relating to HRA income and expenditure. Those proposals are contained in this report.

These proposals must be made on the best assumptions possible at the time as to all matters which may affect the amounts to be credited and debited to the account, and the best estimates possible as to those amounts.

- 4.3.3 By section 24 of the Housing Act 1985 (the 1985 Act) the Council has a broad discretion in setting such reasonable rents and other charges as it may determine and must from time to time review rents and make such changes as circumstances may require. Such circumstances will of course include other statutory requirements such as those described in this report. The duty to review rents and make changes is itself subject to the requirements for notice of a variation set out in Section 103 of the 1985 Act. The notice must specify the variation and the date on which it takes effect which must be at least four weeks after the date of service. To implement the rent variation recommended in this report notice of the variation must be sent to all tenants within the first week of March at the latest.

#### 4.4 Risk Management

- 4.4.1 The risk management plan is the basis of the Council's risk management strategy for the HRA Business Plan.

- 4.4.2 The key risks to the Business Plan have been identified and are listed in the risk section of the appendix report. The Business Plan is based on our best assumptions; however key risks such as the transition to Universal Credit, interest rates and inflation could have significant impacts to the Business Plan.

- 4.4.3 Given these risks it is proposed that a mid-year review of the Business Plan is carried out and brought back to Cabinet if significant changes affect service delivery or viability.

- 4.4.4 Following an assessment of the risks to the HRA in the coming 5 years it is proposed for 2019/20 for a reserve level of £5.4m.

- 4.4.5 The main viability test for the Business Plan is its capacity to repay debt over the life of the Business Plan. Having this capacity provides cover

for interest rate rises and mitigates the need to refinance borrowing in times of high interest rates.

- 4.4.6 The long-term viability of the plan is dependent on the delivery of additional savings that will be required in the coming years.

## **5. ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 Sheffield City Council has a statutory duty to produce an annual balanced HRA budget, which is evidenced by the Business Plan update, therefore no alternative option was considered to producing this report.

## **6. REASONS FOR RECOMMENDATIONS**

- 6.1 To optimise the number of good quality affordable council homes in the city;
- 6.2 To maximise the financial resources to deliver key outcomes for tenants and the city in the context of a self-financing funding regime;
- 6.3 To ensure that tenants' homes continue to be well maintained and to optimise investment in estates; and
- 6.4 To assure the long term sustainability of council housing in Sheffield.

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