



# Housing Revenue Account Business Plan 2021-22





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# Introduction

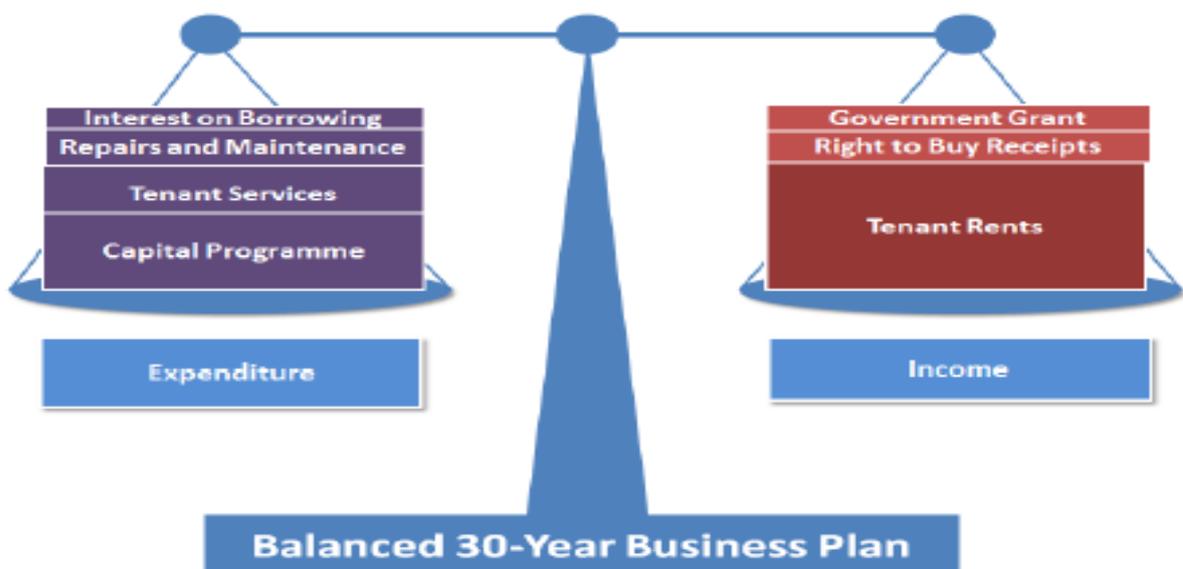
The Housing Revenue Account (HRA) is the financial account used to manage our landlord activities. It is ring-fenced in law and can only be used for providing services to council housing tenants through the collection of rent and charges. Other council services are funded through council tax and central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

## The Business Plan

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

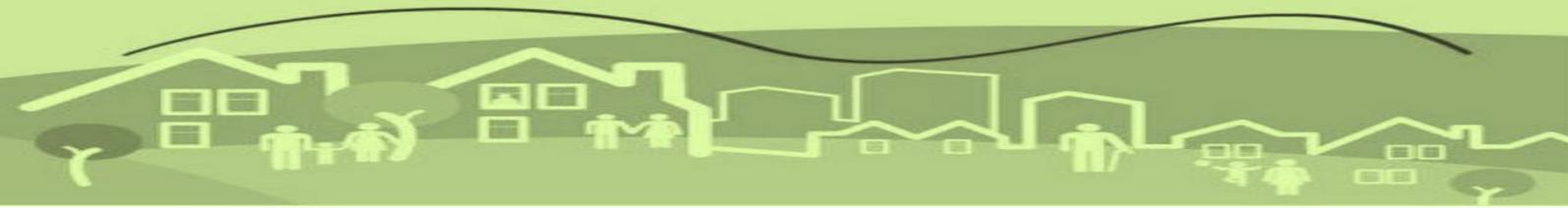
Each year the HRA Business Plan is reviewed and updated to set budgets and charges for the year ahead. It also provides an updated 5-year plan for our capital investment programme.

These plans are set within the context of a 30-year affordability profile - our long-term planning horizon for balancing the HRA. HRA income predominately comes from tenant rents, with other income received from Right to Buy receipts and government grant. HRA expenditure includes the capital investment programme, tenant services, repairs and maintenance and paying off interest on our borrowing.



Over the last few years, the HRA Business Plan has had to face a number of financial challenges which have had a significant impact on the plan. For 2021/22, the

HRA Business Plan will not only continue to be impacted on the effects of previous national policy decisions such as the reduction of social housing rents, but from more recent events such as the Coronavirus (COVID-19) pandemic. This will have a significant impact on the business plan for 2021/22 but also for many years to come. As we work to determine the level of impacts and how this will shape the business plan for future years, it is likely that we will need to reassess some of our future plans. However, our focus will remain on continuing to deliver a council housing service that serves the needs of our tenants.



# National Policy Context

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

## Coronavirus (COVID-19) Pandemic

The Coronavirus (COVID-19) pandemic has caused global social and economic disruption, affecting people's lives worldwide. Since March 2020, the ongoing impacts and response to the pandemic in the UK has included a number of measures such as national lockdowns and varying restrictions in an effort to curb the spread of the disease. As a local authority, we have had to change, adapt and work differently in order to ensure we have been able to provide our statutory and key council services to our customers and service users, at times only being able to respond to emergency or urgent cases.

Further details of how the Housing and Neighbourhood Service have responded to the COVID-19 outbreak and the impacts this has had to delivering the housing service and impacts to the business plan are contained in the next chapters.

## Welfare Reform

Welfare Reform has represented the biggest change to the benefits system in a generation. Supporting our tenants through these changes, and the transition to Universal Credit, continues to be a key priority. The roll out of Universal Credit commenced in Sheffield in November 2018 for new benefit claimants. Migration of existing claimants in Sheffield is ongoing and expected to continue until 2024.

The number of Universal Credit claims made by our tenants increased substantially in the first 3 months of the COVID-19 outbreak, mirrored with an increase in failed and cancelled direct debits. Some tenants had no experience or knowledge of the complex welfare benefits system or knew the help and support available. Reduced resources and more complex contacts as a result of the outbreak has meant prioritising cases with an ever-increasing demand for support and advice for our tenants. Under the emergency provisions in the Coronavirus Act 2020 all legal proceedings for possession, up to and including eviction, were suspended between March and September 2020. Although this suspension has now ended, notice periods before new proceedings can be issued have been significantly increased and there is a moratorium on evictions until at least 21<sup>st</sup> February (with the government keeping this date under review) except in really serious cases: antisocial behaviour, illegal occupation, fraud, domestic abuse or

substantial arrears. This has led to an increase in arrears (some, but not all, due to the Covid-related financial pressures on tenants) and further pressures on the service.

Arrears have increased due to the current outbreak and total arrears are expected to increase significantly by the end of the financial year and beyond. We have increased our Hardship Fund and along with the continued hard work of staff within the service, arrears would have been higher. The Council generally and the Housing and Neighbourhoods Service specifically for the purposes of this Plan have provided support to households who because of COVID-19, have found themselves in financial difficulty and this support has helped to avoid the risk of losing their home.

We have also continued to support and help tenants to manage their money and understand their commitment to paying rent. We have continued to promote Direct Debit as a preferred payment method for all tenants and for those claiming Universal Credit it increases the likelihood of receiving full and prompt payment when monthly rent is due.

## *Fire and Building Safety*

Since the tragic events of the Grenfell fire in 2017, a number of measures have been announced by the Government to improve fire and building safety, especially for high-rise tower blocks and buildings of multiple occupancy. The independent review of building regulations and fire safety (The Hackitt Report) was published in 2018 and set out over 50 recommendations for the delivery of a robust regulatory system. The Government carried out a consultation, "Building a Safer Future", on its proposals in response to these recommendations in June/July 2019, which we responded to.

Since the consultation, further steps to reform the Building Safety system to ensure residents are safe in their homes were announced by Government in April 2020. Measures include mandatory sprinkler systems and consistent wayfinding signage in all high-rise blocks of flats over 11 metres tall. Government also announced its intentions to create a new national Building Safety Regulator.

The Fire Safety Bill 2019-2021 which will amend the Regulatory Reform (Fire Safety) Order 2005 is currently progressing through Parliament. It will provide greater clarity over responsibility for fire safety in multi-occupied residential buildings. It will mean as a local authority, for all council owned flat and maisonette blocks we must manage and reduce the risk of fire for the structure and external walls of the building, including claddings, balconies and windows; and for entrance doors to individual flats that open into common parts.

All of these developments demonstrate significant change for the housing sector and will require major levels of both physical and engagement investment. The wider ranging regulatory changes, including a legislative requirement for residents to be part of and scrutinise the safety of their homes at every stage, means it will be important take proactive measures to ensure this happens. It is a priority for us to ensure our tenants are safe in their homes.

During 2020 we have been involved in a national best practice pilot to look at ways we can best provide fire safety information and how this can best be retained by our tenants and residents living in high rise tower blocks.

We will continue to take a pro-active approach to ensure we continue to comply with any further legislative requirements and that we continue to be a role model of good standards for the city and other social landlords to the way we manage and maintain our council housing homes.

## *The Social Housing White Paper – The Charter for Social Housing Residents*

The Social Housing White Paper – The Charter for Social Housing Residents was published on 17 November 2020 and builds upon proposals set out in the 2018 Social Housing Green Paper – A New Deal for Council Housing.

The White Paper sets out reforms that will speed up the complaints procedure for residents by improving access to the Housing Ombudsman, reducing decision times and ensuring effective resolution. It will also make landlords more accountable for the services they deliver, including the introduction of a set of tenant satisfaction measures that landlords will have to report against.

The White Paper introduces a new charter for social housing residents which sets out what every social housing resident should be able to expect:

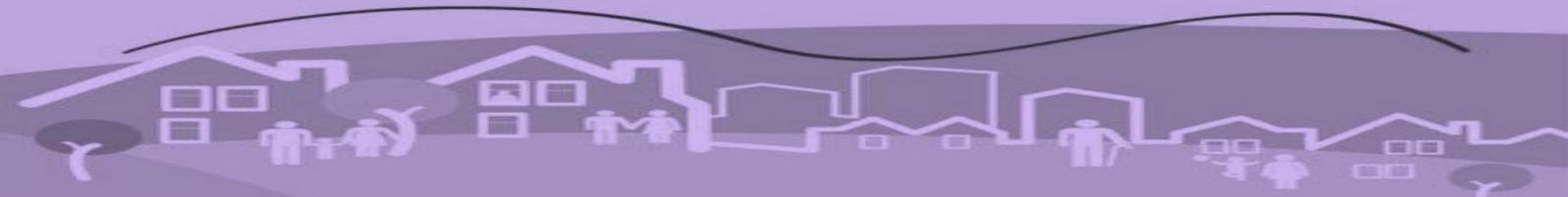
- 1. To be safe in your home**, *working with industry and landlords to ensure every home is safe and secure*
- 2. To know how your landlord is performing**, *including on repairs, complaints and safety, and how it spends its money, so tenants can hold it to account*
- 3. To have your complaints dealt with promptly and fairly**, *with access to a strong ombudsman who will give tenants swift and fair redress when needed*
- 4. To be treated with respect**, *backed by a strong consumer regulator and improved consumer standards for tenants*
- 5. To have your voice heard by your landlord**, *for example through regular meetings, scrutiny panels or being on its board. The government will provide access to help tenants to learn new skills if needed, to ensure landlords listen*
- 6. To have a good quality home and neighbourhood to live**, *with landlords keeping homes in good repair*
- 7. To be supported to take your first step to ownership**, *so it is a ladder to other opportunities, should your circumstances allow*

The White Paper proposes measures that will require greater transparency and scrutiny of both HRA finances and performance. The Regulator of Social Housing will ultimately set these standards and will undertake proactive inspection visits to ensure that we are meeting these standards. However, we are already working with our tenant representatives to develop local performance monitoring in advance of announcements from the Regulator and will continue to adapt as we know more.

The proposals set out in the White Paper will need further legislation to bring them into force. There is currently no timescale for this but as legislation is developed we will be able to look at all the proposals in further detail. We hope that the proposals will help us to improve standards and help how our tenants and residents are able to engage with us.

## *Brexit – Leaving the EU*

The UK left the European Union on 31 January 2020 and moved into an 11-month transition period. The transition period meant that the UK continued to follow EU rules, whilst negotiations continued around agreeing a trade deal. Impacts as a result may include increase costs of construction materials imported from the EU, a shortage of skilled workers within the construction industry and increased inflation and interest rates - all which will have an impact on the HRA Business Plan. We will continue to monitor the impacts of Brexit and leaving the EU throughout 2021/22.



# Local Policy Context

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

## *Corporate Ambitions and Wider Council Plans*

Sheffield City Council's Corporate Plan aims to capture the long-term ambitions for Sheffield. The Corporate Plan is currently being reviewed, however the HRA Business Plan will continue to help support the Corporate Plan and feed into the key priorities for the Council such as care leavers and health and wellbeing. As well as the overall Corporate Plan, the HRA Business Plan will also help to support a range of other related strategies such as:

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

## *Housing and Neighbourhoods Service*

In Sheffield we are passionate about people and the places they live and as a Council we want to do our best to make a positive difference.

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

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

## *Responding to Coronavirus (COVID-19)*

The Coronavirus (COVID-19) pandemic has had a major impact on the way we have been able to deliver our key services to our tenants. Initially we were only able to deliver our key statutory duties and services whilst we adapted the way we worked to consider the ever-changing environment. This has posed some real challenges to the service however, we have adapted our ways of working to ensure we have been able to support our tenants the best way we can.

The impacts of COVID-19 have been felt across the whole of the service. Rent arrears have increased as some tenants have been impacted financially. We have continued to support any tenant financially struggling by engaging with them and setting up support and payment plans. The level of rent arrears impacts significantly on the business plan as we predominantly rely on this income to provide our council housing services. Increasing our Hardship Fund, encouraging Direct Debits and providing financial advice and support are ways we will continue to help our tenants and mitigate the impacts on the business plan.

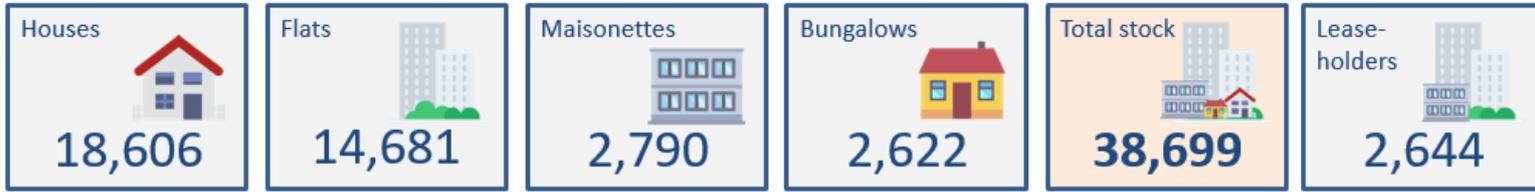
Many of our face to face services have had to stop. This has included temporarily closing our housing offices to the public. We have continued to support tenants who would rely on face to face contact by actively engaging with them through phone calls and other means, to ensure they are supported, especially our more vulnerable tenants. Our Housing and Neighbourhood teams have been working closely with the Community Response Team, with some housing staff temporarily re-deployed to these teams to ensure tenants are not isolated and have been able to receive any support they have needed. We are also continuing to provide support services for our 1,200 Older People's Independent Living (OPIL) tenants. Measures have been put in place to help protect our older tenants within our OPIL schemes. Warden staff have been reassuring tenants, providing ongoing support and on-site activities to help address any concerns from tenants feeling isolated or lonely and to help ensure they are safe during this time. We have retained front line essential services throughout the outbreak and have ensured our estates, particularly flats and maisonette blocks have had increased cleaning and maintenance provision.

Impacts to the construction industry has meant there were some delays to our stock increase programme and our capital investment programme. Our new build sites as part of our stock increase programme have continued to operate throughout the pandemic but at a reduced pace. We have been able to resume our investment works following the lifting of national restrictions and are continuing to deliver planned works as part of the overall programme. Our repairs service has been impacted as we were only able to complete emergency repairs and gas safety servicing during the initial outbreak and again for the second national lockdown. This has led to a backlog in repairs that the service needs to complete, and we are continuing to work through this, whilst managing tenant expectations.

In these challenging and uncertain times, it's difficult to predict what is going to happen during 2021/22. We will continue to work in a reactive way to any future developments

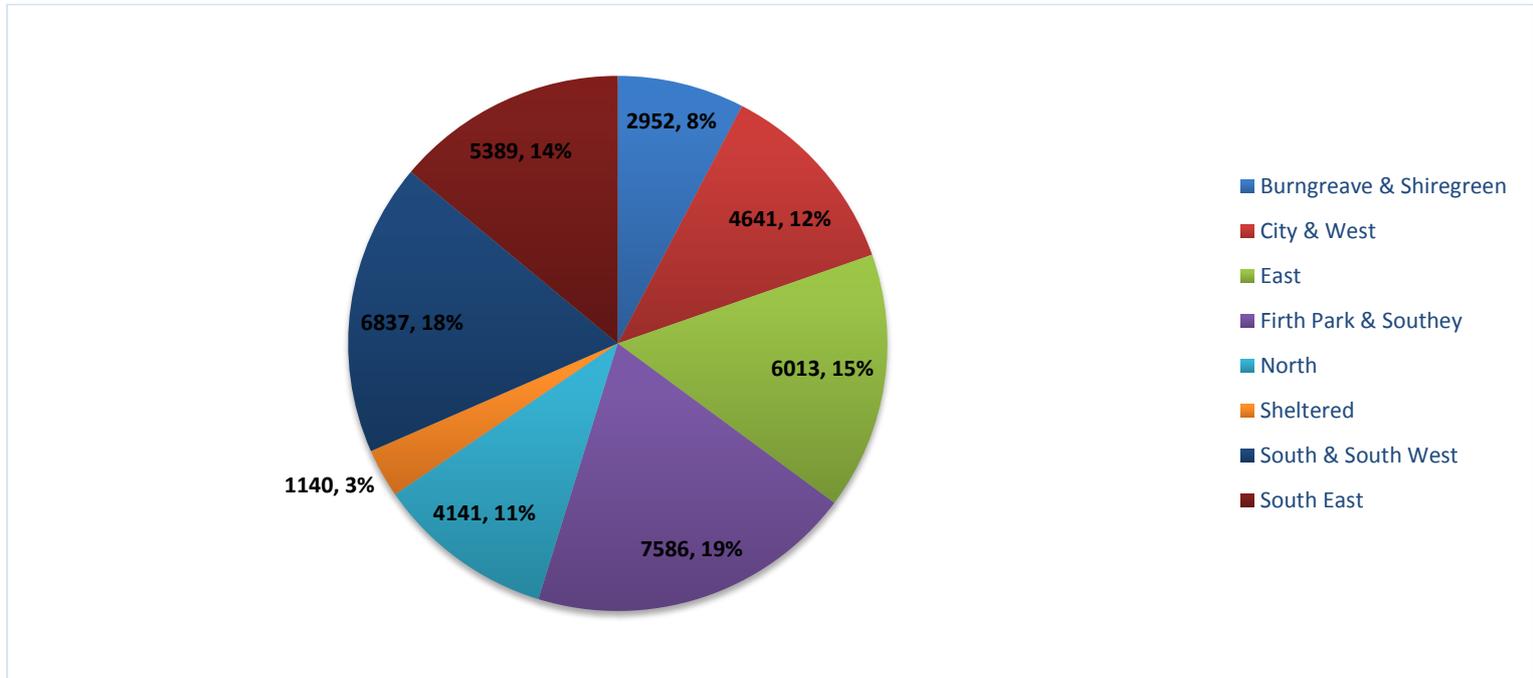
because of COVID-19 to ensure our tenants are supported and that we are still able to provide the services required.

## Our Housing Profile

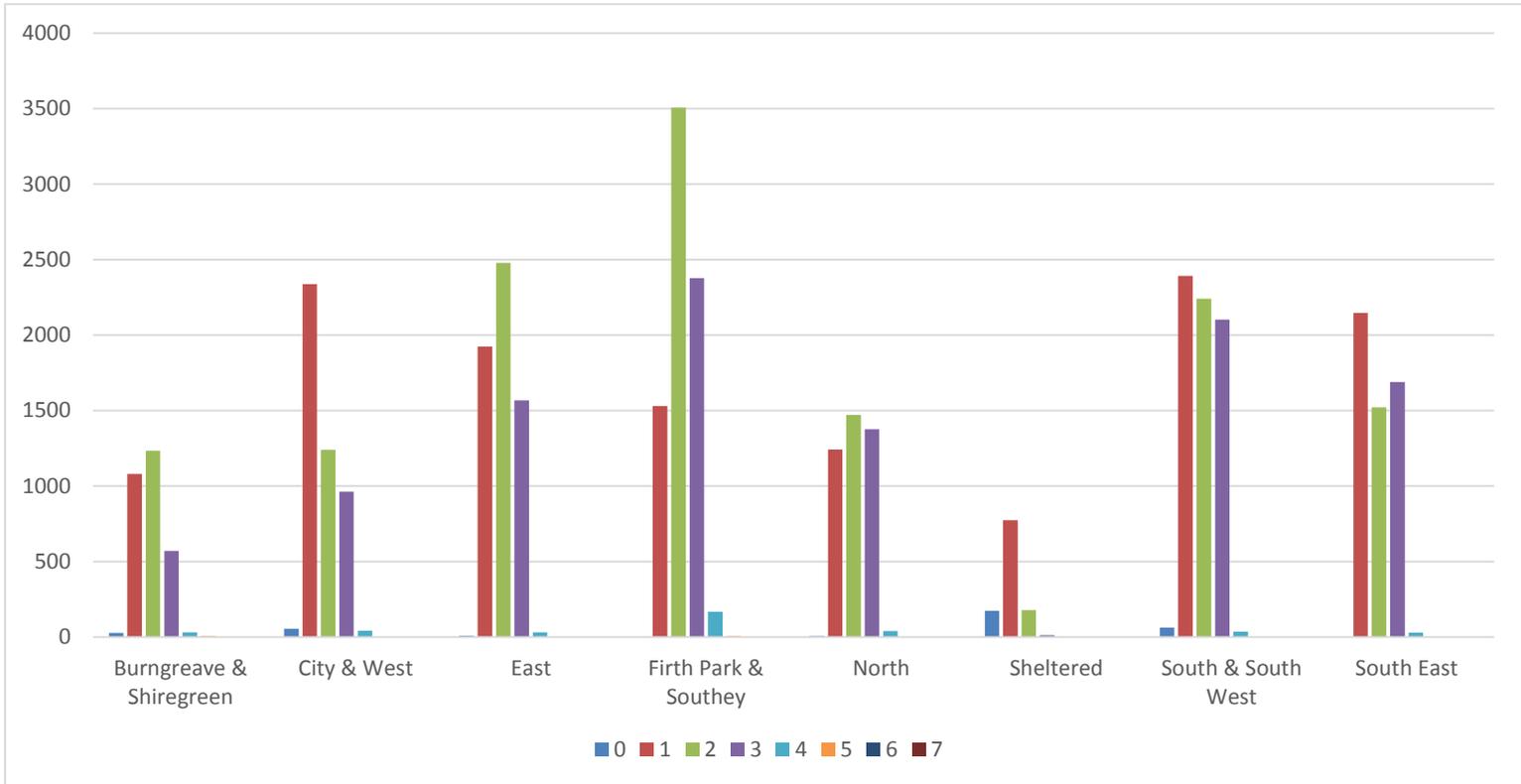


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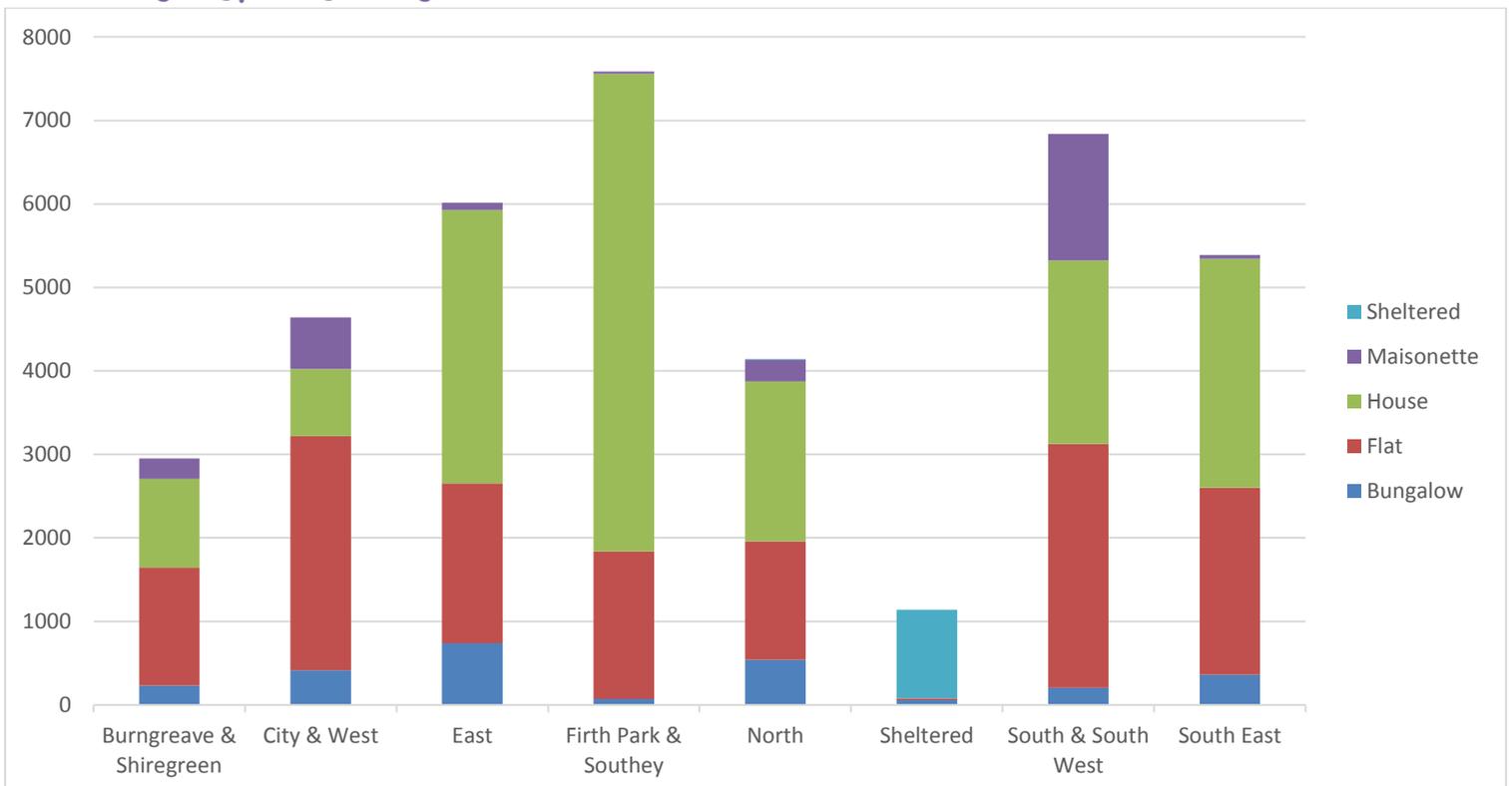
## Council Housing Stock by Neighbourhood Area



## Number of Bedrooms by Neighbourhood Area



## Building Type by Neighbourhood Area



## *Local Employment and Apprenticeships*

Supporting the local economy including providing improved employment and skills outcomes remains a key priority for the Council. The Housing and Neighbourhoods Service helps to contribute to this in a number of ways right across the service. It is more important than ever in these challenging times that we can continue to deliver these opportunities to help sustain employment at a local level.

We currently have 80 apprentices within the Housing and Neighbourhoods Service and recruit around 20 new apprentices a year, with many becoming permanent members of staff. Apprentices work to gaining an NVQ qualification over a 2-year period and this presents as an excellent opportunity to forging a career within our housing service. Our plan is to increase the number of apprentices per year going forward as we seek this as a key part of our succession planning for the service. We also offer opportunities for graduates with a number of graduate roles available each year within the service.

In addition to this, our Repairs and Maintenance Service benefits greatly from apprentices. We recruited an additional 45 apprentices in 2020, taking the total of apprentices in the Repairs Service to 100. This will help the service by having more resources to help bring forward service improvement priorities. As part of our tendering and procurement processes we look at how this work can incorporate local employment and apprenticeship opportunities. We will continue to strengthen our relationships with existing and future contractors and subcontractors to ensure we are able to continue to contribute to supporting the local jobs economy.

The apprenticeship programme supports the Council's corporate priorities for increasing employment opportunities for younger people, which is much needed now more than ever with the recent COVID-19 outbreak and the impacts this has had on employment and the economy. Increasing the apprenticeship programme also supports the Government's Economic Growth Strategy and the Government's pledge to provide 30,000 new traineeships for young people in England.

Retention and the development of our existing workforce is also important. We offer opportunities for all our staff to gain further qualifications and training to enhance their skills and development further. The Council's latest workforce profile for age showed that around 58% of the current workforce are aged 46+. We therefore recognise the importance of recruiting more young people and retaining and developing them to help us fulfil our future workforce needs.

# HRA Business Plan Priorities

The HRA Business Plan 2021/22 will help to contribute to achieving the ambitions of the Housing and Neighbourhoods Service. The following chapter details our key council housing business plan priorities for 2021/22 and how these contribute to the service ambitions.

## Key Headlines 2021/22

Deliver our stock increase programme to build and acquire more council homes



Invest in further health and safety measures including new fire safety improvements



Deliver improvements to our tenants' homes to make sure they continue to be well maintained



Develop plans to respond to the Council's ambitions to address climate change and how council housing can contribute to achieving zero-carbon emissions by 2030



Proactively manage our neighbourhoods, supporting existing, new and prospective council housing tenants



Improvements to our estate services



Review of housing offices and community buildings to ensure these are being fully utilised by tenants and residents



## Deliver our stock increase programme to build and acquire more council homes



The HRA Business Plan includes a commitment to increase the number of council homes. Over the years this number has increased, with our current ambitions being to deliver 3,100 council homes by 2028/29. We continue to develop our future plans and look at the types of housing provision that is needed and in what areas. This will help us in our plans to deliver new homes as part of the stock increase programme.

The next chapter will provide further details of our stock increase programme and our ambitious plans.

## Invest in further health and safety measures including new fire safety improvements



Investment in health and safety measures remains a key investment priority and work will continue in 2021/22 to ensure that our council homes, especially our high-rise tower blocks and flat blocks are safe. This work includes addressing the outcomes from Building a Safer Future and the Fire Safety Bill.

We also want to ensure our tenants feel safe and know what to do in the event of a fire in their block.

We will continue to work with Government to ensure we are complying with the latest regulations and investing where additional fire provision is required.

## Deliver improvements to our tenants' homes to make sure they continue to be well maintained



Investing in our existing homes is just as an important priority as investing in new homes. We need to ensure our homes remain safe, modern, and warm and we will continue with our investment plans for this during 2021/22. We will explore opportunities that will help to improve our current homes and help to reduce carbon emissions and look at ways to make our existing homes more energy efficient. We will also continue our work on making environmental improvements such as paths, boundaries and communal spaces.

The next chapter provides a further update on how we are improving our existing homes and estates.

## Develop plans to respond to the Council's ambitions to address climate change and how council housing can contribute to achieving zero-carbon emissions by 2030



We recognise the impact that housing can have in addressing the climate change emergency. Sheffield has set an ambition to become a zero-carbon city by 2030. This will require changes in the way that we manage our existing housing stock, cost and policy implications and our plans for investing in new council homes.

Most of our council housing stock does perform highly, with around 31,000 of the council's housing stock having already reached the Government's target of having an EPC C rating. Over the next 10 years we aim to raise the EPC ratings on remaining properties within our stock. We recognise more needs to be done to reach a zero-carbon position and we will continue to explore options around retro fitting our existing stock, integrating this within our capital programme. As part of our council housing stock increase programme we are delivering new build homes with enhanced performance specifications such as increased thermal efficiency and increased air tightness. We are also exploring further options for our future new build homes to achieve low-carbon emitting, no-gas homes.

We will need to determine what the additional costs will be and are yet to fully integrate these costs into our 30-year plan. We will continue to explore options around retro fitting our existing stock, ensuring that our on-going investment programme fully considers the challenge ahead. The Government have launched a range of grant programmes to assist with making homes greener and we will continue to explore funding options that we may be eligible for to assist us with our ambitions.

Our response to climate change can also go further in the way we deliver our council housing services. We are committed to achieving and working to higher standards which holds us in good stead in preparing for any new regulatory arrangements as part of the Government's Social Housing White Paper. We have already achieved ISO 45001 certification for occupational health and safety and ISO 14001 certification for environmental standards, demonstrating that we are committed to improving our standards and want to build on this further.

As part of our Environmental Management System (EMS) we have developed an Environmental Policy with the aim of reducing the environmental impact of services and work we deliver as to demonstrate our commitment to the protection of the environment and continuous improvement to help create sustainable and attractive neighbourhoods. We are also looking at other ways that we can contribute to reducing carbon impact such as exploring new technology that can help us reduce our carbon footprint, minimising energy usage within our office buildings and reviewing the environmental impact of the transport we use.

## Proactively manage our neighbourhoods, supporting existing, new, and prospective council housing tenants



We have been reviewing the way we manage and deliver council housing services, listening to feedback from tenants and comparing ourselves with other providers – both in terms of cost and service. We recognise not all tenants want us to get in touch each year, but it is important that we can support our tenants at all stages of their tenancy when they need that extra help.

In 2021/22 will look at different ways we can do this. We want to give everyone the best possible start possible in their tenancy, so will explore the way we support new tenants to ensure that this is appropriate. We will also look in more detail at those tenants who need intensive support in their tenancies and the best way of providing this.

Part of this journey also includes exploring investment options for our IT systems that helps us to deliver the service more efficiently.

## Improvements to our estate services



Improving how we deliver our estates services is an ongoing and important priority. We want to ensure our clean and green services are efficient, provide value for money and help to ensure our estates are places where people want to live. We will be working in 2021/22 to look at opportunities on how we can do this.

We have started to look at how we can make improvements to our communal areas for our flats and maisonettes blocks. We have already engaged with over 700 tenants and residents through an online survey in 2020. We are using this feedback to shape improvements to our services to meet customers' expectations and aspirations.

## Review of housing offices and community buildings to ensure these are being fully utilised by tenants and residents



We intend to review our costs and office portfolio over the next 12 months to ensure that it still meets our needs and delivers value for our tenants and our business. A corporate review of community buildings is taking place to help ensure best use of these facilities and explore other community provisions within local areas. Housing community buildings will be included in this review.

# Investment Programme

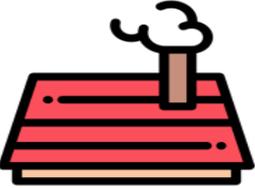
The aim of the investment programme is to maintain the Council's housing stock for the future. Our 5-year investment programme will continue to prioritise and deliver improvements to people's homes (kitchens, bathrooms, windows, doors, roofs, boilers, communal areas etc.) to make sure homes continue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

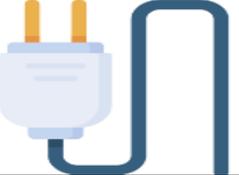
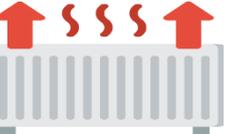
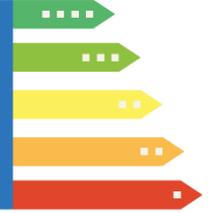
## 5 Year Investment Programme

Capital investment in our existing housing stock is our biggest cost within the business plan. Right to Buy is continually reducing our housing stock and we need to invest in providing new homes for rent and for shared ownership. Investing in the physical infrastructure of our stock and making sure our homes remain safe, modern, and warm will remain our main priority for 2021/22.

A key investment priority is to make sure our existing stock continues to be well maintained. Many of the estates need investment which we are prioritising through planned investment programmes and by reviewing our stock information that underpins the 30-year Housing Investment Plan. We are working closely with tenants to prioritise the mainstream capital programme to plan and deliver improvement works that will ensure long-term tenant satisfaction and neighbourhood sustainability.

The COVID-19 outbreak resulted in some delays to our planned investment programme during 2020/21. This has meant some of our planned works will take place later than originally planned and fall into 2021/22 and into later years of the programme. Further planning will be required to see how this will impact on other areas of the 5-year capital programme and we will continue to monitor this during 2021/22.

Investment area	Progress so far and plans for 2021/22
<p><b>Roofs</b></p> 	<p>A new 5-year roofing contract is in the process of being awarded and is proposed to start on site in January 2021. This programme will provide new roof coverings, fascias, and rainwater goods to nearly 6,000 homes. It is also proposed to utilise the savings obtained through the tender process to fund proposals to install Photovoltaic (PV) solar panels on a number of homes in the first year of the contract.</p>
<p><b>Kitchens, Bathrooms, Windows and Doors</b></p>	<p>The current contract to deliver elemental improvements to homes will come to an end in March 2021. It is proposed to procure a new 3-year contract which will improve kitchens and bathrooms including boiler and electrical system upgrades in addition to windows and doors replacement to properties that will fail the decent homes</p>

	<p>standard over the forthcoming 5 year period.</p>
<p><b>Electrical Upgrade</b></p> 	<p>Phase one of the 3-year contract (2018-21) will complete by the end of March 2021 and will have completed works to over 13,000 properties. The procurement plans for a 5-year programme have been submitted and are planned to start in September 2021 to deliver the electrical upgrade works to all remaining properties.</p>
<p><b>Fire Safety and Communal Area Work</b></p> 	<p>Plans are being developed to improve the fire safety, an internal communal refresh and new waste and recycling facilities at the Hanover and Deer Park Tower Blocks with work planned to commence in late 2021.</p>
<p><b>Heating Replacement Programme</b></p> 	<p>The COVID-19 pandemic has significantly impacted the 2020/21 obsolete heating replacement programme. The 2021/22 programme will aim to recover some of the lower output from this year.</p>
<p><b>Energy Efficiency Work</b></p> 	<p>Phase 1 of the external wall insulation work to non-traditional properties commenced in October 2018 and is now complete. The next 2 phases of the project will tackle structural repairs to a number of non-traditional build homes and provide much needed improved thermal insulation through the application of external wall insulation systems. These projects will also address window and door replacement in properties that have not received this work as part of the decent homes programme. Over 300 properties will benefit from these works. The next phases are in the detailed design stages in preparation for tendering and a start on site in summer 2021.</p>
<p><b>Garage Strategy</b></p> 	<p>Garage improvement work has now been completed. A total of 282 garage blocks, equating to 1,891 individual garages have been improved, including a small number of new garages. A new demolition contract has been awarded and work commenced on site in November 2020. The contract period is 3 years although it is anticipated that the works should be completed within the first 2 years of the contract.</p>

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The Government White Paper - The Charter for Social Housing Residents, published in November 2020, proposes a review of the Decent Homes Standard to consider whether this needs to be updated to ensure it is delivering what is needed for safety and decency now. The first part of the review is expected to be completed by Autumn 2021. We will continue to monitor developments in relation to the review and await the results of any outcomes as a result. We welcome the opportunity to work with Government on new standards and need to make sure that the HRA Investment Programme is balanced between the old stock and replacement of this and the new homes. This will be vitally important as we prepare for the new regulatory arrangements as part of the Government's White Paper. In preparation for this and to ensure that we are continually providing the best possible services for our tenants, we have actively sought best practice and benchmarking, working closely with the Social Housing Regulator.

## *Stock Increase Programme*

Our commitment to increasing the number of new / replacement council homes remains a high priority. Our plans are to deliver 3,100 new homes by 2028/29. At the time of writing this report, we have delivered 631 new homes (a mixture of homes purchased on the open market and new homes built or acquired off plan).

A further 253 new homes are currently in construction and expect to be delivered by 2021/22, with a further 450 homes on 5 sites currently at the feasibility and design development stage, including new supported accommodation units.

The impact of the COVID-19 outbreak on the construction industry resulted in delays to our stock increase programme. However, as restrictions have eased, this work has been able to recommence and we are optimistic that we can continue to deliver the homes we have committed to.

Last year we stated that as part of our stock increase plans, we will include a greater range of homes to help meet the significant shortfall of some types of homes that the Council has available for letting. Our first new Independent Living Housing scheme (Older Persons Independent Living with Care) is currently under construction in Parson Cross and is due for completion in Spring 2022. We are also developing plans for new Older Persons Independent Living Schemes in the South and South East of the city which will improve the choice and type of homes available for older people within the city. Our new learning disabilities accommodation has been completed and will be ready for occupation in early 2021.

We will continue to explore a range of different delivery options in order to maximise the number of new council homes we are able to provide. Options include building on the Council's housing land (held for the purposes of Part II of the Housing Act 1985 and accounted for in the HRA), acquiring homes for sale, purchasing "off plan" from private sector developers and acquiring land for the purpose of building new Council Homes.

Our ambition through the life of this Business Plan is to increase the number of new council homes we can provide, extending our commitment beyond the end of the existing programme of 3,100 homes. We are exploring the different ways in which we can deliver

these homes, balancing prudential borrowing with grant maximisation, and will provide more details on these ambitions when we are able.

In 2020 we have looked further into developing a small programme of Shared Ownership homes as an affordable housing option in Sheffield. It is intended that these homes will be delivered as part of the HRA Stock Increase Programme. The government has announced a new shared ownership model to be used from April 2021 and has recently consulted on its implementation. Following the outcome of the consultation Homes England will issue new guidance. A report setting out how the Sheffield City Council shared ownership properties will be managed will be produced for consideration by Cabinet in within the next few months, when this detail is clearer.



## Repairs

The Repairs Service have completed a major review of the service and developed a new target operating model with clear priorities for change and improvements. Change has started and will be continuous over the next 18 months with the overall aim of achieving a sustainable operating model that delivers excellent value for money services to the tenants and residents of Sheffield City Council.

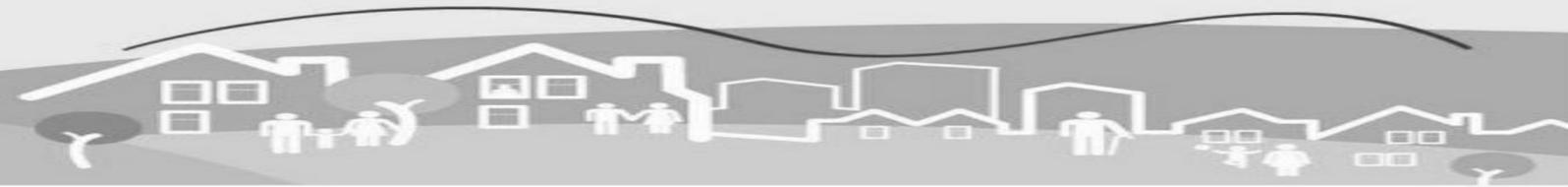
Areas of improvement within the service have included a restructure to the service to help reduce operating costs; a more focused approach to planned and cyclical maintenance; improving customer focus and collaboration with key stakeholder; modernising the service delivery through investment in ICT; improvements to performance management, reporting and productivity, improving financial management and procurement and supply chain management.

The Repairs and Maintenance Service has faced a significant challenge in responding to the COVID-19 pandemic. During both national lockdowns in 2020, the Service have only delivered critical activities such as emergency and urgent repairs, work in empty properties, acquisitions, and fire damaged properties; and gas servicing and electrical compliance works. Following the impact of the first lockdown, the Repairs Service were making good progress in responding to backlogs of work and increased volumes of appointable repairs that had not been classed as critical throughout the first lockdown.

The Service have put measures in place in response to the lockdowns. This has included:

- Planning and organising resources to deliver the backlog and anticipated increase in volume of repairs above normal volumes.
- Developing a tracker to compare actuals to projected volumes to understand financial and resource implications.
- Batched work up such as high value fire damaged properties, acquisitions, roofing, windows and doors, plastering, and are working with Housing Investment colleagues and our supply chain contractors to deliver this work.
- Recruited agency workers and set them to work to supplement our teams with additional resources.
- Redeployed resources to manage demand in repairs and our work force is working flexibly, giving us additional capacity.
- Developing plans to recruit additional trade operatives to boost our internal resource to manage the present demand and future growth strategy.
- Communicating to our customers regularly via a joint communication with the Housing and Neighbourhoods Service.

We will continue to monitor the impacts on the repairs service throughout 2021/22.



# Financial Plan

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

## Key Financial Assumptions 2021/22

### Rents

Dwelling rents for 2021/22 are to increase by 1.5% from April 2021 in line with the Regulator of Social Housing's Rent Standard. This is equivalent to an average increase of £1.13 per week. Rents for temporary accommodation are to remain unchanged in 2021/22. Appendix C to the HRA Business Plan 2021-2022 report sets out the average rents per house size in Sheffield.

The Council continues to have a small but increasing number of properties that are let at an Affordable Rent (up to 80% of market rent). These are predominately new build properties and properties acquired as part of the stock increase programme. The annual rent increase applies to all social housing rents so properties let at an Affordable Rent will also see an increase in rent for 2021/22.

Vacant properties will continue to be re-let at the 'target' (formula) rent in order to continue the process of making council rents equitable over time following the ending of the national 'rent convergence' policy by Government one year early. Target rents will also increase by CPI + 1% from April 2021.

The HRA Business Plan 2021/22 continues to assume a rent increase of CPI +1% until 2025/26.

### Garages

Garage rents for garage plots and garage sites will be increased by 1.5% from April 2021 in line with dwelling rent increases.

### Community Heating

The community heating standing charge is to increase by £0.60 per week. The new standing charge from April 2021 will be £4.80 per week. The kWh charge will remain unchanged for 2021/22.

The increase to the standing charge is required in 2021/22 to ensure the community heating account is balanced and to minimise future spikes in charges to customers. This will allow the retention of a sufficient level of reserve should there be future increases in the price of gas. Initial work has indicated that investment will be required in our boiler houses – many which are old and obsolete. The challenge of reaching zero carbon emissions means that alternatives to gas may be recommended which may change the energy profile and costs for community heating.

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. In addition to the financial savings our customers are making, there are significant environmental benefits being realised because of heat metering, in the form of lower carbon emissions which will help Sheffield meet its zero carbon ambitions.

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

### *Burglar Alarms*

The burglar alarm charge from April 2021 will remain unchanged for 2021/22.

### *Sheltered Housing*

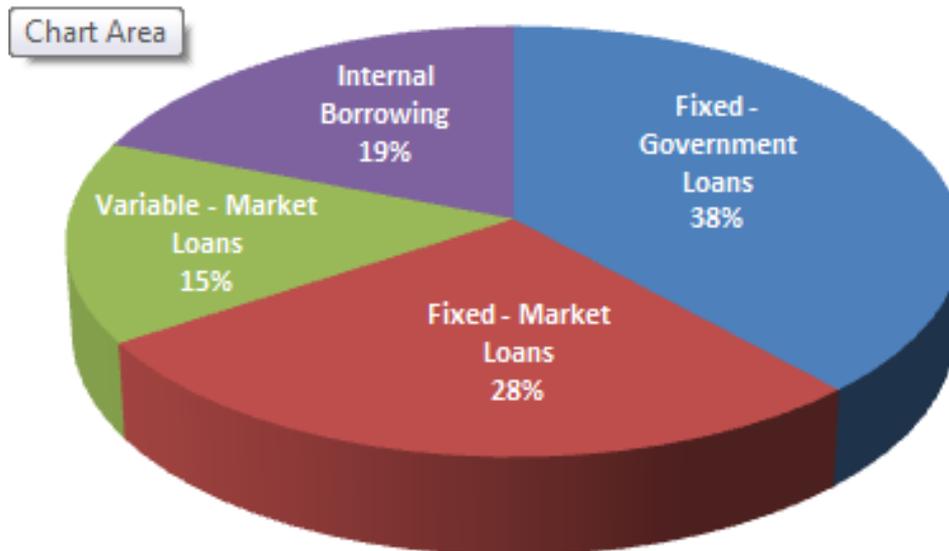
The sheltered housing service charge will remain unchanged for 2021/22.

### *Furnished Accommodation*

The furnished accommodation charge will remain unchanged for 2021/22.

# Loan Portfolio

## Breakdown of HRA Borrowing



The overall proportion of the HRA's loan portfolio that is subject to interest risk is 34% (internal borrowing and variable loans).

## Borrowing Strategy

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

The key considerations that shape these decisions are:

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

All of these complex interrelationships within the HRA Business Plan mean that forecasting long-term demand for services and resultant financial viability is difficult and subject to change. Demand for services is increasing and whilst the Council does have more freedom to borrow, this does have to be affordable and prudent. It also means that, on occasions, there will be choices to make to balance resources against demands. In short, we might not be able to do everything we or tenants would like at the time we would like to.

## Revenue Assumptions

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

Revenue Assumptions	Assumption
Opening number of homes in 2021/22	38,989
Estimated number of additional homes by 2050/51	2,469
Estimated number of RTBs 2021/22 to 2050/51	7,175
Estimated number of homes by 2050/51	34,283
Average rent in 2021/22 (50-week rent)	£76.52
Consumer Prices Index (CPI) of inflation September 2020	0.5%
Void rate	1.5%
HRA risk-based reserve 2021/22	£5.6m

# Risks

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

## *Welfare Reform and Universal Credit*

The impacts of Welfare Reform on the HRA Business Plan are significant with the number and value of rent arrears expected to increase considerably. This has been further accelerated by COVID-19 and the impact this has had on rent arrears. Significant additional resources will be required to deal with debt recovery and additional support to help our tenants. A number of mitigations are already in place to help support tenants affected by Welfare Reform such as debt advice, Hardship Fund payments and Discretionary Housing Payments and a new IT system has been introduced to manage debt recovery more efficiently. We have increased our Hardship Fund for 2021/22 to help mitigate increasing arrears and to continue to help and support those tenants in financial difficulty. As well as helping to reduce arrears, these mitigations are also helping tenants to sustain their tenancies. We recognise that many households who have been managing welfare reform changes in the short-term may be unable to sustain payment patterns as the squeeze continues. This may require us to revise our future income projections as our experience with Universal Credit develops. Arrears have increased significantly as a result of the COVID-19 outbreak and there is evidence that some tenants with previously good payment records are starting to struggle. The suspension of legal recovery actions has also resulted in an increase in arrears and a backlog of cases which may further delay action being taken.

## *Impacts of National Housing Policies*

The Government White Paper - The Charter for Social Housing Residents was published in November 2020 and we will need to assimilate the detail of the proposals and assess any additional risk to the business plan as a result. Aspects of the Coronavirus Act 2020 which impact on housing such as the suspension of possession hearings have meant we were unable to start proceedings against tenants for rent arrears or for anti-social behaviour for around 6 months. Impacts of this are already evident through a backlog of cases for the courts, although these are being prioritised with most urgent first. The ongoing uncertainty around the impact of the COVID-19 outbreak means we are continually monitoring announcements from government and any changes to housing policy as a result.

## *Fire Risk on Council Tower Blocks and Other High-Risk Buildings*

The Grenfell Tower fire and subsequent Review of Building Regulation and Fire Safety bring a number of operational and financial risks. Costs are currently unclear but will require some degree of re-prioritisation of the 30-year Business Plan. The draft Building Safety and Fire Safety Bills mean there are likely to be further impacts on other areas of the service, including additional costs for work to communal areas and installation of further fire safety measures which will have an impact on our repairs and capital budgets. Other impacts may include the market capacity/capability to respond to the scale of need nationally and possible inflation of costs; more intensive management of tower blocks and other high risk buildings may be required at a higher cost and further resilience within investment teams to respond to the volume and breadth of enquiries. These will have an impact on our repairs and capital budgets. We will continue to monitor any further developments in 2021/22 and have produced an action plan to help mitigate the potential impacts.

## *Interest Rate Risk*

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

## *Inflation Rate Risk*

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

## *Repairs and Maintenance*

Repairs and Maintenance risks which could impact on demand include, increased vacants, increased turnover due to Welfare Reforms, stock deterioration rates, changes in regulations post Grenfell and the settling in and transformation of the service following in-sourcing. COVID-19 protection measures have an effect on a number of aspects of the repairs and maintenance service including a backlog of non-urgent repairs, and gas safety inspections. Actions are taking place to alleviate the issues but the backlog is likely to persist for some time.

## *Responding to Climate Change*

Proposed building regulations, changes to the provision of gas in homes as well as higher thermal efficiency standards which are unsupported by additional external grant funding, would place additional burden on HRA resources available for elemental investment in homes (including new homes). An increase in the frequency of severe weather events may require unplanned urgent investment in homes and disrupt the supply of homes.



# Appendices

Appendix A

HRA Revenue Budget

Appendix B

5 Year Capital Investment Programme

Appendix C

Citywide Rents and Charges

# Appendix A – HRA Revenue Budget

Revenue Account		Year1	Year 2	Year 3	Year 4	Year 5	Years 1-5
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2021-26
	Outturn	Budget	Forecast	Forecast	Forecast	Forecast	Total
<b>INCOME (in £millions)</b>							
Net income dwellings	141.9	145.0	149.8	156.3	162.3	168.1	781.5
Other income	6.1	6.1	6.2	6.2	6.3	6.4	31.2
<b>Total</b>	<b>148.0</b>	<b>151.1</b>	<b>156.0</b>	<b>162.5</b>	<b>168.6</b>	<b>174.5</b>	<b>812.7</b>

<b>EXPENDITURE (in £millions)</b>							
Repairs and Maintenance	39.8	41.4	41.9	42.4	43.1	44.9	213.7
Tenants Services	49.6	49.8	51.0	52.3	53.6	54.7	261.3
Contribution to Capital Programme	45.5	46.8	48.0	51.6	54.0	56.4	256.9
Interest on Borrowing	13.1	13.1	15.0	16.2	17.9	18.5	80.8
<b>Total</b>	<b>148.0</b>	<b>151.1</b>	<b>156.0</b>	<b>162.5</b>	<b>168.6</b>	<b>174.5</b>	<b>812.7</b>

Revenue Reserve	5.6	5.6	5.6	5.6	5.6	5.6	
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Capital Account		Year 1	Year 2	Year 3	Year 4	Year 5	Years 1-5
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2021-26
	Outturn	Budget	Forecast	Forecast	Forecast	Forecast	Total
<b>EXPENDITURE (in £millions)</b>							
Mainline Capital Programme	14.2	40.7	56.2	57.3	54.1	44.6	252.9
Stock Increase Programme	21.9	50.3	72.9	99.4	43.5	23.0	289.1
<b>Total</b>	<b>36.1</b>	<b>91.0</b>	<b>129.1</b>	<b>156.7</b>	<b>97.6</b>	<b>67.6</b>	<b>542.0</b>

# Appendix B – 5 Year Capital Programme Investment

HRA Programme	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Years 1-5
	Outturn	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>EXPENDITURE (in £millions)</b>							
Health & Safety Essential Work	4.0	9.5	15.4	12.4	11.7	14.5	63.5
Adaptations & Access	1.7	2.9	2.9	3.2	3.2	3.9	16.1
Garages & Outhouses	0.3	0.2	0.0	0.0	0.0	0.0	0.2
Heating, Energy & Carbon Reduction	1.6	6.2	8.3	7.9	5.8	1.3	29.5
Waste Management & Estate Environmentals	0.1	0.6	2.3	3.1	3.5	1.9	11.4
Enveloping & External Work	1.2	10.1	9.9	12.1	12.1	13.5	57.7
Communal Area Investment	0.0	2.5	5.5	6.4	6.0	0.0	20.4
Internal Works	1.6	2.5	3.0	3.2	3.2	7.7	19.6
Other Essential Work	1.0	0.5	0.5	0.5	0.5	1.5	3.5
Regeneration	0.0	2.5	4.0	4.0	4.0	0.0	14.5
Capital Management Fee	2.7	2.8	2.8	2.8	2.8	0.3	11.5
IT Upgrade	0.0	0.4	1.6	1.7	1.3	0.0	5.0
<b>Core Investment Programme</b>	<b>14.2</b>	<b>40.7</b>	<b>56.2</b>	<b>57.3</b>	<b>54.1</b>	<b>44.6</b>	<b>252.9</b>
Stock Increase Programme	21.9	50.3	72.9	99.4	43.5	23.0	289.1
<b>Overall Total HRA Programme</b>	<b>36.1</b>	<b>91.0</b>	<b>129.1</b>	<b>156.7</b>	<b>97.6</b>	<b>67.6</b>	<b>542.0</b>

The HRA Core Investment Programme will primarily be funded from HRA revenue contributions whilst the stock increase programme is planned to be funded from a combination of retained RTB receipts, external grants and prudential borrowing.

# Appendix C – Citywide Rents and Charges

Bed size	Average weekly rent (50 weeks)		Increase	
	2020/21	2021/22		
Bedsit	£58.73	£59.62	£0.89	1.5%
1 bed	£66.55	£67.55	£1.00	1.5%
2 bed	£76.15	£77.29	£1.14	1.5%
3 bed	£85.25	£86.53	£1.28	1.5%
4 bed	£96.55	£98.00	£1.45	1.5%
5 bed	£103.01	£104.55	£1.54	1.5%
6 bed	£112.38	£114.06	£1.68	1.5%
Total (all bedroom's average)	£75.39	£76.52	£1.13	1.5%

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

## Proposed Community Heating Charges from April 2021

### 1. Metered Heat

Metered Heat	Charge		Current weekly charges	Proposed weekly charges from April 2021
Standard price	Unit charge	Pence per kwh	3.04 pence	3.04 pence
	Standing charge	£ per week	£4.20	£4.80
	*Unmetered hot water charge	£ per week	£0.63	£0.63

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

### 2. Unmetered Heat

Bed size	Full heating		Partial heating	
	Current prices £/week	Prices April 2021 £/week	Current prices £/week	Prices April 2021 £/week
<b>Heating &amp; hot water</b>				
Bedsit	£11.38	£11.38	£10.52	£10.52
1 Bed	£11.82	£11.82	£10.82	£10.82
2 Bed	£14.66	£14.66	£13.62	£13.62
3/4 Bed	£15.78	£15.78	£14.66	£14.66
<b>Heating only</b>				
Bedsit	£8.38	£8.38	£7.76	£7.76
1 Bed	£8.58	£8.58	£n/a	£n/a
2 Bed	£10.82	£10.82	£10.03	£10.03

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

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