Committee and Date	Item
Council	
27th February 2025	Public

Healthy People
Healthy Economy
Healthy Environment
Healthy Organisation

HRA 30 Year Business Plan

Responsible Officer:	Jane Trethewey, Assistant Director Homes and Communities		
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Cabinet Member (Portfolio Holder):	Dean Carroll, Housing and Assets		

1. Synopsis

Council is asked to consider the report and recommendations of the Housing Revenue Account (HRA) 30-year business plan. The report considers the maintenance of the HRA and council housing stock over the next 30 years, using a comprehensive component-led and industry standard approach.

2. Executive Summary

2.1 This report details the current position of the Housing Revenue Account (HRA). The report considers several factors including the current operating environment, the requirements of current and emerging regulations and economic factors that need to be considered when formulating a long-term strategy in relation to the management of the retained housing stock of Shropshire Council.

2.2 The report considers the maintenance of the HRA and council housing stock over the next 30 years, using a comprehensive component-led and industry standard approach, and overlaying known pressures facing the social housing and public sector industry. These include sustainability requirements, regulatory compliance, new consumer standards and the need to construct more specialist social housing. The report considers the need for the HRA to deliver a development programme, to ensure that Shropshire can deliver more social housing to meet increasing demand.

2.3 Comprehensive HRA Business Planning tools have been used, including the 30-year business plan model provided by Abovo Consult, to allow Shropshire Towns and Rural Housing (STaR) as the Council's Managing Agent to look at all factors that drive the sustainability of the HRA. This ensures that the interconnectivity of factors driving change are considered, whilst allowing for robust scenario planning, to consider alternatives and identify potential issues.

3. Recommendations

Council is recommended to approve:

3.1 An increase in the HRA permitted borrowing envelope from £122m to a maximum of £174m as per the schedules in section 7 of HRA Business Plan to fund a new development programme to deliver 509 units in the next five years.

3.2 The reletting of properties at target rent at the change of tenancy in line with government guidelines, delivering a saving of £5.9m over the life of the current plan, the equivalent of funding 50 new affordable homes, and allowing STaR Housing to limit their additional borrowing ask to the maximum of £174m.

3.3 The setting of HRA budgets in line with the overall programme values as set out in tables in section five.

Report

4. Risk Assessment and Opportunities Appraisal

4.1 To evidence the robustness of the plan several different scenarios were tested to determine the point at which each scenario would prove untenable. The scenarios tested are available in graphical format in Appendix D (Appendices 1 -2) and each is summarised in its impact as follows:

4.2 **Increase in bad debt by 2% (from base 1.5% to 3.5%) from year 2 to year 30** - An increase in bad debt would mean an overall reduction in the amount of income that the HRA would receive in terms of dwelling rent. Current bad debt rates are approximately 1.5% and this has been built into the plan. An increase of 2% in this figure to 3.5% would result in a deteriorating position that assumes a breach of the £160m debt cap in year six reaching peak debt in year 12. The model assumes that a minimum reserve cover remains in place therefore additional borrowing would be required to mitigate this risk.

4.3 **Increase in CPI/RPI to 7% (from base 2.7%) from year 2 to year 10** - Assumptions around CPI/RPI are, as previously discussed, dictated. The past two years have seen unprecedented levels of inflation and CPI/RPI have been at all-time highs, however during this period the highest level at which either measure was applied was 7.7%. Stress testing was carried out in the plan to assume that a consistent level of 7% CPI/RPI over the next ten years. The plan indicates that this increase would have the effect of breaking the debt cap in year seven when additional borrowing is required to continue operating.

4.4 **Increase in void loss rate to 4% (from base 1.5%) from year 2 to year 30** - Increase in void loss of 2.5% would result in a breach of the debt cap in year seven reaching peak debt in year 12. As with previous examples the expectation is that borrowing would be required to ensure viability. At a total of 4% for the entirety of the plan the interest cover remains viable at a minimum of 1.25. If the loss were greater than 4% the plan shows the interest cover would breach in year six.

4.5 **The final scenario assumes that all new development activity would cease**. The model shows that there would be a right to buy receipt implication where funds would need to be returned to Government due to an inability to reinvest. The debt cap would not be breached as no additional funding would be required due to the inactivity however the lack of regeneration of the stock would result in interest cover being breached in year six and remaining so until year 12. It should be noted that since testing this scenario, Government has indicated that Local Authorities may no longer have to return their right to buy receipts to the Treasury.

5. Financial Implications

5.1 Shropshire Council is currently managing an unprecedented financial position as budgeted for within the Medium-Term Financial Strategy approved by Council on 29 February 2024 and detailed in our monitoring position presented to Cabinet on a monthly basis. This demonstrates that significant management action is required over the remainder of the financial year to ensure the Council's financial survival. While all Cabinet Reports provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. Where non-essential spend is identified within the Council, this will be reduced. This may involve.

- scaling down initiatives,
- changing the scope,
- delaying implementation, or
- extending delivery timescales.

5.2 The tables below summarise the key financial requirements of the HRA over the next five years. These are supplemented by a series of Appendices as described at paragraph 5.3 showing the 30-year outlook.

Table 2.0 sets out the cumulative expenditure levels of the key elements of the HRA Capital Programme over the next five years.

	2024/25 Actual £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
HRA Capital Borrowing Requirement	92	104	128	138	161	165

Table 2.0 - HRA Capital Expenditure Budget – 2024/25 to 2029/30

Tables 3.0 to 3.3 sets out the allocation of reserves, grant funding and borrowing required to fund activity up to 2029/30.

£m	24/25	25/26	26/27	27/28	28/29	29/30
Property Investment and Compliance	(8)	(10)	(10)	(10)	(11)	(11)
Revenue Allocations from HRA	8	10	6	10	8	7
Grants	0	0	0	0	0	0
Borrowing	0	0	4	0	3	4
	0	**0**	**0**	**0**	**0**	**0**

£m	24/25	25/26	26/27	27/28	28/29	29/30
Property Investment and Compliance	(8)	(9)	(10)	(10)	(10)	(12)
Revenue Allocations from HRA	8	9	7	10	10	8
Grants	0	0	0	0	0	0
Borrowing	0	0	3	0	0	4
	0	**0**	**0**	**0**	**0**	**0**

Table 3.0 - HRA Borrowing Requirement for Property Investment and Compliance – 2024/25 to 2029/30

£m	24/25	25/26	26/27	27/28	28/29	29/30
Sustainability – *Subject to change*	(1)	(10)	(16)	(6)	(4)	0
Revenue Allocations from HRA	0	0	0	0	0	0
Grants	1	5	7	3	0	0
Borrowing	0	5	9	3	4	0
	0	**0**	**0**	**0**	**0**	**0**

Table 3.1 - HRA Borrowing Requirement for Sustainability Activity (Wave 3) – 2024/25 to 2029/30

£m	24/25	25/26	26/27	27/28	28/29	29/30
New Build	(25)	(12)	(16)	(17)	(21)	(1)
Revenue Allocations from HRA	7	0	0	0	0	0
Grants	18	5	5	10	5	1
Borrowing	0	7	11	7	16	0
	0	**0**	**0**	**0**	**0**	**0**

Table 3.2 - HRA Borrowing Requirement for New Build Development – 2024/25 to 2029/30

£m	24/25	25/26	26/27	27/28	28/29	29/30
PIP (Major Repairs)	(8)	(10)	(10)	(10)	(11)	(11)
Sustainability – *Subject to change*	(1)	(10)	(16)	(6)	(4)	0
New Build	(25)	(12)	(16)	(17)	(21)	(1)
Revenue Allocations from HRA	15	10	6	10	8	7
Grants	18	5	5	10	5	1
Grant (Wave 3) – *Subject to change*	1	5	7	3	0	0
Borrowing	0	12	24	10	23	4
	0	0	0	0	0	0
Cumulative Borrowing	**92**	**104**	**128**	**138**	**161**	**165**

Table 3.3 – Summary table showing HRA borrowing requirement for all activity– 2024/25 to 2029/30

NB: The peak borrowing requirement of £174m is reached in 2034/35.

5.3 The appendices below are collectively shown under Appendix B, Business Plan Finance Schedules.

- Appendix B1 – HRA Operating Account – 2024/25 (as at P6) to 2053/54
  This shows the budgeted inflows, outflows and movement on reserves of the HRA over the next thirty years.

- Appendix B2 – Major Repairs and Development Financing 2024/25 (as at P6) to 2053/54. This shows the budgeted capital expenditure programmes and associated financing over the next thirty years.

- Appendix B3 – Finance Dashboard
  This shows how each of the golden rules, as described at 5.5 below is met and therefore demonstrates the sustainability of the plans put forward.

5.4 Accompanying the financial schedules is the Financial Planning Principles document. This has been refreshed to align to the 2025/26 business plan. This is a Frequently Asked Questions (FAQ) style of document and sets out key assumptions and mechanisms related to the HRA and the plan as well as touching on the wider regulatory context for housing finance. This document helps to align assumptions as well as providing a wider understanding of the housing finance principles which have shaped the development of the plan. This is attached at Appendix C.

5.5 The plan proves that the programmes put forward are financially sound, robust and sustainable for the HRA in the long term as the plan meets a range of golden rules. These golden rules were determined by industry standards and agreed at an early meeting of the Business Plan Working Group. They are listed below:

- 1.25% interest cover – The HRA can service its interest debt by at least 1.25 times during the life of the plan.
- HRA Surplus – A minimum level of surplus of £250 per property is retained to mitigate against unforeseen impacts on the HRA operating account.
- Gearing/Loan to Value Ratio – Ensure headroom is maintained in borrowing capacity to form a 'security' perspective in line with the sector norm.
- No repayment of Right to Buy Receipts – Indicator that new development units are offsetting RTB disposal to maintain stock numbers and no receipts are having to be returned.

6. Climate Change Appraisal

6.1 The HRA 30-year business plan supports the Council's strategies for climate control and carbon reduction. In partnership with STaR the aim is for all council housing stock to achieve EPC C by 2030 as per the government target. Shropshire Council will be bidding on Wave 3 of the Social Housing Decarbonisation fund, after being successful in the initial two waves of funding. This will enable all remaining stock to achieve EPC C.

6.2 All new build properties will be built to Building Regulations as standard, achieving EPC B as a minimum. The aim is to fit all new build properties with Photovoltaic Panels, Air Source Heat Pumps and a thermal wrap which will assist with the commitment to achieving EPC C and above for all new builds.

6.3 Shropshire Council is aligned to the Future Homes Standard 2025 and will exceed building regulations where possible contributing to the Net-Zero Carbon Emissions by 2050 agenda.

7. Background

7.1 Recent government announcements have outlined an ambition for councils to deliver additional social housing through the planning process, partnerships with other housing organisations and direct delivery. There have also been several policy changes related to the planning system. These changes will support councils in delivering additional housing and potentially more affordable housing.

7.2 The Government's budget has set out changes including a five-year rent settlement, additional grant funding for affordable housing, lowering borrowing rates for housing revenue accounts to build more homes, and changes to the right to buy scheme.

7.3 The council in partnership with STaR Housing is currently committed to delivering 223 affordable rent homes, 120 shared ownership homes, 139 social rent housing and 47 temporary accommodation units. These homes are scheduled to be delivered by summer 2026. These homes will be delivered through existing borrowing within the HRA, Homes England grant funding and S106 grant funding.

7.4 The HRA has borrowed £92m to date from an already authorised borrowing envelope of £122m to fund existing capital commitments on existing homes. This includes £4m investment in housing safety measure and ring fencing £20m to get all HRA homes up to an EPC C by 2030.

7.5 Other options have also been considered for the retained HRA stock; this includes the sale of the stock to another provider. The advice and valuation received identified that due to the amount of HRA debt associated with the self-financing model and assumptions around future investment the value of the stock is in the region of minus £8 million.

8. The 30-year HRA Business Plan Model

8.1 During 2023 an investment was made into the HRA Business Planning financial model to improve Business Planning capabilities. The chosen model is supplied by Abovo-Consult and is an industry standard model for Council HRAs.

8.2 The Abovo model has been developed over nine months in partnership with Abovo advisors, STaR and Shropshire Council, both through individual meetings but also through the work of the HRA Business Plan working Group which was established under the approval of the Council's Asset Assurance Board.

8.3 Property and housing finance experts Savills have conducted an external validation exercise on the Abovo HRA business plan. They recognise the plan as industry standard, cohesive and a robust approach to managing HRA finance.

8.4 The plan proves that the collection of programmes put forward is financially sound, robust and sustainable for the HRA in the long term as the plan meets a range of golden rules, as referenced at paragraph 5.5 above.

8.5 An additional measure is in place whereby a cap is placed on reserves such that a minimum level is maintained to satisfy the 'five-year test'. This 'project level contingency' assumes that each individual project should be charged with carrying at least one time the interest cover value before it can pass the viability test, rather than relying on the overall HRA being able to support delivery of the project through its own contingencies. This is applied in addition to the measures set out above.

8.6 The new business plan tool allows for a greater insight into HRA finance and leads to more comprehensive view. Complex scenarios can be run through the plan to quickly understand the impact and sensitivity of a range of factors from policy changes, changes in wider economic indicators and the reprofiling of key programmes. This inevitably leads to a more flexible application of funds (with relevant fund restrictions still firmly adhered to) and a clear view over the long term.

8.7 The key programmes put forward for approval are.

- Development Programme – This plan proposes an increase of the current development programme and in turn an increase of the existing borrowing envelope from £122m to £174m. This extra investment will deliver a further 380 homes through acquisition and new build over the next five years. This is in line with the requirements of the HRA Development and Investment Strategy which pledges to deliver 225 homes by the end of March 2027.

- Major Repairs Programme – This is informed by the Property Investment Plan (PIP) which is described in detail elsewhere in the report and amounts to investment in stock of £69k per home over the 30-year time frame (this includes sustainability). This is in line with industry standards for investment in existing homes and has been validated by Savills.

- Sustainability Investment – The plan incorporates £36m of funding to bring properties up to EPC C over the next three years. There is an assumption that this is partially funded (£15m) through the Government's Social Housing: Warm Homes Fund - Wave 3.

9. Key Plan Components

9.1 The plan assumes that rents will increase by CPI+1% throughout. This is in line with sector assumptions and emerging Government policy.

9.2 The majority of HRA income derives from dwelling rents (95%). Rents are initially set at Target Rent at the point of first let. Target rent is based on a formula prescribed by government and incorporates factors such as inflation, local market rents and rent cap levels. After the initial rent setting exercise rents are then uplifted annually by a percentage relative to CPI inflation thereafter regardless of any change of tenancy.

9.3 It has been common practice in Shropshire to relet properties at the prevailing rent as initially set plus inflation, therefore missing the opportunity to reset to target rent. Approval is now sought for all relets to be realigned to Target Rent in line with the Government's prescribed formula. It has been evidenced that the majority of current tenancies attract some level of either housing benefit or universal credit to fund their rent.

9.4 The Property Investment Plan (PIP) is the driver of the capital programme. Elements of the PIP are now categorised as statutory and non-statutory items, enabling greater visibility of essential investment needs, and flexibility to reprofile the programme with an understanding of the consequences of doing so. Further, the PIP has been externally validated by Savills, demonstrating the level of investment and assumptions are in line with industry standards.

9.5 Shropshire Council is committed to increasing the proportion of our housing stock achieving EPC C from 52% to at least 75% by the end of the plan in 2027, with all stock achieving EPC C by 2030 as per the government target expected to be brought in as a statutory minimum following planned consultation. To achieve these aims Shropshire Council in partnership with STaR Housing has already been successful in two rounds of Social Housing Decarbonisation Fund (SHDF, recently rebranded as Warm, Homes: Social Housing Fund) bidding, which secured £1.1m match funding to upgrade around 150 properties to an EPC C.

Shropshire Council is now submitting a Wave 3 bid that will result in the majority if not all our stock achieving EPC C. With funded works planned from April 2025 to March 2028 and an estimated project cost, including oncosts, of £36m (requiring circa £15m investment from the fund and £21m from the HRA), this is an ambitious project, but arguably an essential one given that SHDF Wave 3 is the final expected programme round and currently represents the best opportunity to attract funding to support our sustainability aims.

9.6 Whilst the impact of net zero has been modelled previously within the PIP, the current Business Plan does not include the total investment required to achieve net zero across the stock. Indeed, doing so without assuming significant levels of external funding support breaks the plan. Retrofit assessments are being undertaken across the stock to refine the investment requirement and inform future business planning.

9.7 The plan assumes a Right to Buy sale rate of 42 units in 2025/2026. Right to buy sales have fluctuated over recent years with wider economic factors such as increased interest rate, mortgage availability and Covid having different impacts on tenants' ability or desire to make applications. The most recent and specific change to the regulations on 21st November 2024, whereby the discount rate to be applied to future applications has reduced to £26k, has been reflected in the assumptions. It is expected that this change will greatly impact future RTB requests and the plan expects RTB losses to come down from the higher points seen in recent years due to this as well as variations in the economic climate and other proposed legislative changes. At quarter 3 of 2024/25 there have been 12 RTB completions with a further 70 requests, which reflects tenants being keen to take advantage of the current high discount level, before the Government's planned discount rate reduction comes into force.. Future iterations of the plan will reconsider the likely losses through RTB as the landscape changes.

9.8 The plan assumes a void loss rate of 1.5% which is in line with national assumptions. It is a key priority to keep void loss at a minimum and in line with top quartile performance.

9.9 There are no immediate changes proposed to the management fee and works fee mechanisms. However, some consideration may need to be given in future years to understanding the impact on management costs as stock levels grow. The management fee level sits at 0.44p of every rent £1. This is in line with sector norms. The works fee is set at £0.797m and includes all staff in the Assets and Development Teams who are involved in delivering capital works as set out in the agreed mechanism.

9.10 Borrowing in relation to the HRA is summarised below;

	£m
Original 2012 PWLB Borrowing	£83.350
Additional debt	£8.828
Unused but unapproved borrowing envelope	£30.184
Additional borrowing request	£51.405
TOTAL Borrowing Requirement	**£173.767**

9.11 An amount has been set aside within the plan to address the issue of maintaining sewage treatment plants. This has been a long-standing issue which requires some investment to resolve. The current estimated cost is £0.355m

9.12 As part of the development of the business plan, the plan has attempted to factor in new and emerging legislative changes, ensuring that all new projects comply with updated regulations. This includes Awaab's Law, Consumer Standards, and the 2021 Fire Safety Act. Furthermore, the plan includes strategies to adapt to future legislative changes proactively, promoting sustainability and compliance

10. Development Programme

10.1 The pipeline reflects Shropshire Council's current affordable housing need as captured in Shropshire's Local Plan 2016-2038, specifically planning policy via supplementary planning document (SPD) for affordable housing. The pipeline also addresses delivery through additionality over and above the policy requirement of 10, 15 or 20% affordable housing provision, depending on the location of the development. Appendix A shows the full detail by tenure, bedrooms and house type.

10.2 An internal triage and approval process for identifying suitable new developments has been devised. The process captures general housing need and demand and reflects the emerging findings of an independently commissioned housing needs assessment for supported accommodation by Housing LIN, due for release imminently. Appendix A Table 1.0 shows the criteria against which new developments will be approved in terms of scale, geography, house type, tenure, procurement (Build) type and sustainability requirements.

10.3 The location of general needs new build and refurbished properties has been broken down into three main priorities areas, reflecting demand and critical mass of existing properties.

- Priority Area 1 - Shrewsbury, Oswestry and Bridgnorth
- Priority Area 2 - Ellesmere, Wem, Ifton
- Priority Area 3 - Whitchurch, Southwest County, Market Drayton, Ludlow

10.4 The priority areas list is not exhaustive and merely provides a framework for approval, and in all cases the development team will continuously consult with the lettings team to ensure the pipeline reflects demand. Consideration will be given to local infrastructure, proximity to local amenities and avoiding isolation. Where housing need in rural areas have been identified, efforts will be emphasised on infrastructure and service provision to minimise rural poverty, paying special attention to heat source within the existing infrastructure and resident affordability. The design will be in conjunction with local Town and Parish Council identified housing need, prioritising community led development in rural locations, and where possible, with a focus on the inclusion of housing for key workers and veterans in the locality.

10.5 All properties will be designed to Nationally Described Space Standards (NDSS). Detailed design briefs are provided to consultants and contractors to ensure the design reflects Shropshire's growing need for an eclectic mix of house types, including 1 bed maisonettes or houses, as a priority. Depending on the size of the scheme and topography of the site, specialist housing is designed into the scheme from the outset, providing level access, and dispersing homes, ensuring inclusion and accessibility. These homes, as identified in the Housing LIN report, will adhere to Building Regulations Part M4(2), accessible and adaptable homes and Part M4(3) for wheelchair users. Other forecasted specialist housing will be designed with the specific client group for the accommodation in mind. A detailed asset review of Shropshire Councils stock along with discussions with the local authority will identify sites for regeneration prioritising specialist accommodation.

10.6 To address tenure demand for general needs affordable homes, social rent is identified as the highest priority for rented properties, and shared ownership is the highest priority for home ownership, as included in Shropshire's Local Plan and associated SPD for affordable housing delivery, where tenure split is set at 70% rent and 30% shared ownership. However, affordable rent will be considered where the rent is capped at LHA for first let.

10.7 It is prudent to the successful delivery of the pipeline that the council in partnership with STaR continue to sustain and expand their consultant portfolio for new build affordable housing. The project teams will be carefully selected to meet housing need within the identified new build areas. Consideration will be given to each scheme in the pipeline, depending on size and suitability to select one of the following build methods:

- Traditional Build - delivered via JCT (Joint Contracts Tribunal) Design & Build contracts with an emphasis on derisking the site during the pre-development phase. Where potential risk then presents itself through due diligence in the pre-development phase, the risk will be mitigated to enable delivery of a more manageable and viable programme to practical completion. For example, access, remediation, utilities, highways and drainage solutions would be resolved prior to release of a tender. Larger sites of 25-70 homes would be considered for this method of build.

- Management Consultancy (MC) - the contract will be closely managed through MC where individual packages will be tendered via a consultant and payment will be made directly with sub-contractors. The benefits of the latter derisk the scheme prior to and during the development process. Sub-contractors' payment terms are improved, and STaR will benefit from economies of scale through local procurement. Smaller sites within the pipeline would be suitable for this method of 1-25 homes.

- Two-Stage Tender - depending on the size and type of the development a two-stage tender could be more appropriate whereby a service agreement is entered into and a tender to contractors with technical teams is released at stage one, then move on to stage two completion of works with the same contractor. Otherwise, proceed with an open market tender for stage two for the delivery element.

- Package Deals – windfall land and build projects in specified areas. STaR will work closely with developers and contractors to in design, reflecting housing need for the area. Rural development benefits from package deals and would be the preferred procurement route and build method with a share on risk up to planning.

- Joint Ventures – working partnership on a risk and reward basis with other developers to deliver larger schemes under a robust legal framework where roles and responsibilities are identified.

- Frameworks – depending on the size of the development and availability and capacity of the contractor, frameworks aid speedy delivery during the pre-development phase. This method of procurement would be considered as a priority for temporary accommodation and specialist accommodation where demand for the accommodation is urgent, and programmes to occupation are at risk. Frameworks employed are subject to the value of the project.

- Section 106 – these are ‘turnkey’ and off-the-shelf properties. STaR will continue to develop relationships with local developers and Shropshire’s housing strategy team to obtain stock more specifically targeting priority areas, tenures and house types identified within the triage and approval process, ensuring the purchases are in line with STAR’s business plan.

10.8 All new build properties will be built to building regulations as standard achieving EPC B as a minimum. Specifications will be frequently reviewed to maximise energy efficiency. Where possible, photovoltaic panels, air source heat pumps and thermal wraps will assist with the commitment to achieving EPC C and above for all new builds. Shropshire Council in partnership with STaR is aligned to the Future Homes Standard 2025 and will exceed building regulations where possible contributing to the Net-Zero Carbon Emissions by 2050 agenda. STaR will continue to investigate low and zero bills focussing on Modern Methods of Construction (MMC) as part of delivery for sustainable housing and attract increased levels of Homes England grant funding to assist viability. Once a development has passed STaR's internal viability tests it will be put forward to the Council for approval. Approval will be granted if the project can be shown to be within budget, as set out in this plan, and meets all required parameters.

11. External Validation

11.1 As part of the external validation of the additional borrowing within the HRA, the consultancy Savills has been requested to review the proposal and comment on the assumptions associated with the HRA Business Plan, additional borrowing, and strategic case to deliver more new homes. Savills has validated the business plan, for additional borrowing and understand the strategic case linked to the homelessness and housing crisis.

Further, the report confirms that the HRA has a negative valuation which is attributed to several factors, including the level of debt within the HRA, costs associated with current and emerging regulatory requirements for social housing (such as consumer standards), and forecasted cost increases to manage and maintain social housing stock. For more detailed information, see Appendix F - Savills Review.

This document provides a high-level external review of the HRA Business Plan, including commentary on findings, specimen stock transfer valuation, and a summary

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12. Conclusions

12.1 The HRA Business Plan 2025 presents a robust and sustainable approach to managing the HRA in its entirety. The plan outlines several key benefits, including the development of new affordable housing units, the implementation of a comprehensive Property Investment Plan, and significant investments in sustainability and energy efficiency measures.

12.2 By leveraging the Abovo-Consult financial model, STaR Housing in conjunction with Shropshire Council have demonstrated its capability to produce a rigorously tested and externally validated business plan that meets industry standards and regulatory requirements.

12.3 The plan's emphasis on long-term financial sustainability, including maintaining a minimum surplus per property and adhering to sector norms for borrowing capacity, ensures that the HRA remains financially sound and resilient to unforeseen impacts.

12.4 The focus on energy efficiency and achieving EPC C ratings for all properties by 2030 aligns with government targets and supports the broader goal of achieving net-zero carbon emissions by 2050.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Local Member:	**All**

Appendices

- HRA Business Plan 2025
- Appendix A - STAR Schemes By Tenure, Bedrooms and House type
- Appendix B - Business Plan Finance Schedules
- Appendix C - Shropshire Council HRA - Financial Planning Principles V2.0
- Appendix D - Scenario Planning Comparative Graphs
- Appendix E – Shropshire Council HRA – Assumptions List
- Appendix F - Savills Briefing Report Final