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Shropshire Council

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CABINET

UPDATED REPORT

15 Housing Revenue Account Business Plan (Pages 1 - 18)

Lead Member: Councillor James Owen, Portfolio Holder for Housing

Lead Officer: Paula Mawson, Service Director – Customer & Communities

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Committee	Cabinet
Date and Time	9th September 2026 10.30 am Public

Housing Revenue Account Business Plan

Cabinet Member:	Councillor James Owen – Portfolio Holder for Housing
Lead Director:	Paula Mawson, Service Director –Communities & Customer
Service Area:	Communities & Customer (Housing Services)
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Electoral Divisions Affected	All electoral divisions
Key Decision?	Non Key
Cabinet Forward Plan	Yes
Report considered by	

1. Purpose of Report

1.1. This report presents a draft revised Housing Revenue Account (HRA) Policy developed following an independent review of the HRA in June 2026, for onward review by Housing Scrutiny Committee. The independent review also considered the HRA 'Golden Rules', including the principles relating to borrowing, reserves, viability assessment and long-term financial sustainability. These have now been incorporated into the draft HRA Policy.

1.2. The draft Policy provides a wider and more transparent framework for the use of HRA resources, including income, expenditure, reserves, borrowing, viability assessment, grant funding and investment decision making, and supports stronger governance and long-term oversight of the HRA.

1.3. Also presented is a draft HRA 30-year Business Plan Summary at Appendix B, which has been updated for costings relating to recent changes to the social housing regulatory framework and more current information from the ongoing stock condition surveys. A comprehensive HRA Business Plan was due to be brought forward in February 2026 but was delayed given uncertainties regarding policy priorities and timing and wider concern for Council finances. It was primarily these circumstances that led to the review. This summary will continue to be updated in the coming months in line with the final HRA Policy and any further stock condition information received and will form the basis of the HRA budgets for 2027/28 onwards. Housing Scrutiny Committee will receive in November more detailed information supporting the draft plan, with a comprehensive business plan being considered by Members in December.

1.4. The draft HRA Business Plan Summary brings together the financial strategy, investment programme and governance arrangements required to ensure the HRA remains sustainable, compliant and able to support the delivery of safe, affordable and good quality council homes in Shropshire, in line with the Regulator of Social Housing requirements. Investment in Net Zero targets is a challenge due to the high costs involved (circa £60,000-£100,000 per unit) and this will continue to be reviewed and programmed accordingly but currently is below target levels. The draft plan also reflects the rent and service charge decisions agreed by Council in February 2026.

1.5. A key point of note in the summary business plan is the required levels of investment in existing stock in the early years to ensure compliance with required standards, which results in a projected annual deficit in the HRA, to be met from HRA reserves. Once this investment has been completed, HRA resources will be more readily able to support new development and acquisitions. Further details on this will be brought to Members in the draft Capital Strategy report in November and to Housing Scrutiny Committee, with a focus on how the HRA can accelerate the delivery of additional social housing in Shropshire whilst balancing the needs of the current housing stock and tenants.

1.6. The comprehensive HRA Business Plan will include detail on continued investment in existing homes, the delivery of new affordable, specialist and supported housing, compliance with the Regulator of Social Housing's consumer standards and the Council's wider response to meeting local housing need and the provision of safe, affordable, decent homes for current and future council housing tenants. The business plan also includes provision to progress sites through feasibility studies and into the planning process via identified revenue and capital budgets. Any new development proposals within the HRA will be subject to approval from Members as outline business cases are developed and presented for consideration.

2. Recommendations

Cabinet is asked to:

2.1 Consider the draft HRA Policy at Appendix B, including the proposed Golden Rules and recommend on to Housing Scrutiny Committee for review and following their feedback, on to Council for approval.

2.2 Consider the draft 30-year HRA Business Plan Summary at Appendix A, including its financial strategy, investment programme, and statutory compliance measures and recommend on to Housing Scrutiny Committee for review and following their feedback, on to Council for approval.

2.3 Note that provision has been made within the HRA Business Plan to support potential applications for external grant funding to increase capacity within the HRA stock. This does not constitute approval to submit a bid. A further detailed report will be brought back to Cabinet for consideration and approval before any bid is submitted, setting out the proposed programme, financial implications, match funding requirements and associated delivery arrangements.

3. Background

3.1 The HRA Business Plan is being developed to provide a comprehensive and sustainable strategy for the management, maintenance and development of Shropshire Council's retained housing stock. It responds to the continuing challenges of increasing housing demand, maintaining compliance with evolving regulatory standards and ensuring the long-term financial viability of the Council's housing services.

3.2 In preparing the comprehensive HRA Business Plan, a range of additional factors are being considered to ensure the Council is fully informed in its decision-making. The Council's approach will be underpinned by robust evidence, including the independent review of the HRA, regular housing needs surveys, and ongoing engagement with tenants, partners and stakeholders. An overview of this information will be presented at the Housing Scrutiny Committee meeting.

3.3 This evidence highlights that the number of households in Shropshire grew by 7.6% between 2011 and 2021, outpacing both population growth and the national average. This growth is reflected in the housing register, with 4,944 households (as of 01.08.2026) seeking affordable homes, including significant numbers of older people, wheelchair users and those with urgent medical needs.

3.4 Average house prices have risen to £287,000 and private rents have increased by over 3% in the past year, making it increasingly difficult for many residents to access suitable housing. There is also a notable shortage of one- and two-bedroom properties relative to demand, while the need for specialist and supported housing, particularly for older people and those with disabilities, is projected to rise sharply over the next two decades.

3.5 Statutory homelessness remains a significant issue, with hundreds of households presenting as homeless each year and a persistent need for urgent and serious medical housing solutions. These factors reinforce the importance of a long-term HRA Business Plan that supports investment in existing homes, delivery of new affordable and specialist housing and a clear response to local housing need.

3.6 We recognise the importance of appropriate alignment to the Councils Housing Strategy and Local Plan, both of which are in the process of development. Further iterations of the HRA Business Plan will consider these at length.

3.7 The HRA Business Plan Summary sets out a 30-year financial and operational framework underpinned by industry-standard modelling, scenario testing and external validation. It incorporates key national and local policy drivers, including the Government's commitment to expanding social and affordable housing, the requirement to maintain homes to the Decent Homes Standard, the ambition to achieve EPC C across Council homes by 2030 where feasible, and the need to respond to new legislative and regulatory requirements including Awaab's Law and the Regulator of Social Housing's consumer standards. This will continue to be updated for known stock condition information as it is received.

3.8 The HRA Business Plan Summary reflects the decisions agreed in February 2026 in relation to rents and service charges. This included agreement to increase Social Housing and Affordable Rents in line with Government rent policy and to adopt rent convergence of £1 per week in 2027/28 and £2 per week in 2028/29. Council also agreed to implement revised service charges following the comprehensive review, with charges based on actual costs plus a 15% management and administration fee, excluding sewage charges. The revised structure and calculation method are intended to support full cost recovery, improve transparency for tenants and ensure that the cost of services is recovered appropriately through the HRA. These decisions provide an important foundation for the financial resilience of the HRA and support continued investment in existing homes, energy efficiency, new affordable housing and specialist accommodation to meet local need.

3.9 Provision has been made within the HRA Business Plan Summary to support potential applications for Government grant funding to increase capacity within the HRA stock. Any bid will be developed collaboratively between Shropshire Council and its Arm's Length Management Organisation (ALMO), Shropshire Towns and Rural (STaR) Housing to ensure that proposed schemes are fully appraised, respond to local housing need and are deliverable within the relevant funding programme timescales. Early engagement with Homes England has indicated support for a strategic approach, and successful bids will be important to achieving the ambitions set out in the Business Plan, accelerating delivery and supporting positive outcomes for residents across the county. This does not constitute approval to submit a bid. A further detailed report will be brought back to Cabinet for consideration and approval before any bid is submitted, setting out the proposed programme, financial implications, match funding requirements and associated delivery arrangements.

3.10 The wider Registered Provider market in Shropshire is also changing. Key Registered Providers operating locally, including Housing Plus Group and Connexus, are reviewing their development programmes in response to pressures including investment requirements for existing homes, higher borrowing costs and organisational consolidation. This may reduce the availability of low-cost home ownership products in future years. In this context, the HRA, working with STaR Housing, has an important opportunity to support delivery of much-needed low-cost home ownership and affordable housing options for key workers and local households.

4. Summary of Main Proposals

4.1 The report presents a draft HRA Business Plan Summary, which provides a 30-year financial and operational framework for the management, maintenance and development of Shropshire Council's retained housing stock for noting and onward review by Housing Scrutiny Committee. The HRA Business Plan is intended to ensure that the HRA remains financially sustainable, compliant with statutory and regulatory requirements, and able to support continued investment in safe, good quality and affordable council homes. A comprehensive Business Plan will be presented to Council for approval, following Scrutiny Committee's review.

4.2 The main proposals include recognising the rent and service charge decisions agreed by Council in February 2026, including rent convergence where permitted, adoption of a 52-week rent charging model and implementation of revised service charges based on actual costs plus an appropriate management and administration fee. These measures support transparency, full cost recovery and the long-term financial resilience of the HRA.

4.3 The HRA Business Plan supports a significant programme of investment in existing council homes, including repairs, compliance works, decarbonisation and energy efficiency improvements. This includes work to maintain homes to the Decent Homes Standard, progress towards EPC C by 2030 where feasible, and respond to emerging requirements including Awaab's Law and the Regulator of Social Housing's consumer standards.

4.4 The report also confirms provision has been made within the HRA Business Plan to support potential applications for Government grant funding to increase capacity within the HRA stock. This does not constitute approval to submit a bid. A further detailed report will be brought back to Cabinet for consideration and approval before any bid is submitted, setting out the proposed programme, financial implications, match funding requirements and associated delivery arrangements.

4.6 The report also presents a draft HRA Policy developed following the independent HRA review undertaken in June 2026. The review included consideration of the HRA 'Golden Rules', including the Council's approach to borrowing, reserves, viability assessment, investment decision making and long-term financial sustainability. These principles have been incorporated into the draft HRA Policy to strengthen governance around HRA income, expenditure, reserves, borrowing, viability assessment, grant funding and investment decisions, and to support clearer oversight of the long-term sustainability of the account. This draft is policy is proposed for review by the Housing Scrutiny Committee and then back to Members for final approval.

4.7 Taken together, the proposals provide a framework for responding to local housing need, improving existing homes, delivering new affordable and specialist housing, maintaining regulatory compliance and ensuring that the HRA remains resilient, transparent and capable of supporting the Council's wider housing priorities.

5. Alternative Options

5.1. A number of alternative options have been considered in developing the HRA Business Plan. The first option would be to take no further action and not approve the updated Business Plan. However, MHCLG guidance states that a HRA business plan is expected and is generally regarded as an essential requirement of proper HRA financial management. It is recognised good practice for the Council to maintain a formal HRA Business Plan to ensure the HRA ringfence is maintained, set a balanced HRA budget and ensure that investment and borrowing decisions are prudent, affordable and sustainable. The Business Plan provides the long-term financial and operational framework through which these obligations are managed. Not approving the updated Business Plan is therefore not recommended, as it would limit the Council's ability to plan and prioritise investment, assess the long-term sustainability of the HRA, manage financial and regulatory risks, and respond effectively to current and future housing needs.

5.2. The Council could choose to limit the scale of investment in existing homes or defer elements of the capital programme. This may reduce short-term financial pressure but would increase longer-term risk by delaying essential repairs, statutory compliance works, decarbonisation and energy efficiency improvements. It could also affect tenant safety, satisfaction and the Council's ability to meet the Decent Homes Standard, EPC C ambitions and emerging regulatory requirements.

5.3. An alternative option would be to delay approval of the HRA Business Plan until next year. This is not recommended because the Plan has already been subject to scenario testing and independent review, and delay could affect the Council's ability to provide timely assurance, progress investment decisions, meet statutory notice requirements and pursue external funding opportunities within relevant programme timescales. To support additional scrutiny and oversight, detailed information supporting the current draft HRA Business Plan will be considered by Housing Scrutiny Committee and brought to Council in December in preparation for budget setting in February 2027 in line with and alongside the Council's other finance documents.

5.4. The Council could decide not to pursue any external grant funding. This is not recommended, as grant funding is central to maximising the delivery of new affordable, specialist and supported housing while reducing the level of borrowing or HRA resources required. Without external funding, the scale or pace of delivery would be reduced and the Council's ability to respond to identified housing need would be constrained. However, given the Council's financial situation it is necessary for any bid to be brought back to Council for approval before being submitted to ensure financial implications, match funding requirements and associated delivery arrangements are agreed. Importantly, any application that needs Council resources in support must be balanced against other Council and HRA priorities, not least to ensure existing stock is maintained to the required standards.

5.5 Alternative delivery routes have also been considered, including reliance on other Registered Providers, private market delivery or development through individual schemes rather than a coordinated portfolio approach. While partnership delivery will remain important, reliance on external providers alone would not give the Council sufficient influence over tenure, location, affordability, specialist provision or delivery pace. A coordinated HRA-led approach, working with STaR Housing, Homes England

and other partners, provides greater flexibility and alignment with local housing priorities.

5.6. On balance, the preferred option is to present for approval the HRA Business Plan and associated recommendations in December following the review by Scrutiny Committee. This provides the most robust basis for maintaining the long-term financial sustainability of the HRA, supporting compliance with current and emerging regulatory requirements, investing in the existing housing stock, pursuing external funding opportunities and delivering new affordable and specialist housing to meet the needs of residents across Shropshire. The HRA Business Plan also provides an essential framework for aligning housing investment decisions with the Council's wider strategic priorities, including the refresh of the Housing Strategy and the ongoing development of the Local Plan, which will help shape future housing growth and affordable housing requirements across the county. As these strategies develop and affordable housing priorities become clearer, the HRA Business Plan will continue to be reviewed and refreshed to ensure that it remains aligned with corporate objectives, housing need, regulatory expectations and financial capacity. Approval of the Plan in December therefore provides a sound and flexible foundation for future decision-making, whilst recognising that further updates will be required as the strategic and policy landscape evolves. Any further changes to the HRA Business Plan will be brought forward for scrutiny and consideration as part of the annual update process in February 2027.

6. Key risks and Opportunities

6.1 The HRA Business Plan will present a forward-looking strategy for Shropshire Council’s housing but will also highlights several risks that must be actively managed. Key risks include the potential for financial instability if rents and service charges are not set accurately or in compliance with statutory requirements, as well as the risk of tenant hardship resulting from increased charges. Delays in council approvals could jeopardise statutory notice periods, and there is a risk that insufficient HRA income may limit the Council’s ability to fund its capital investment programme and deliver new homes as planned. Operational risks also exist around the accuracy of calculations, communication with tenants, and adapting to changes in Government policy or emerging legislation.

6.2 The HRA Business Plan 2026 places compliance with the Regulator of Social Housing’s consumer standards at the heart of its strategy. Key risks include the potential for non-compliance, which could result in regulatory intervention, reputational damage, and financial penalties. There is also a risk that inspection outcomes may highlight weaknesses in governance, tenant engagement, or service delivery, requiring urgent remedial action.

6.3 Failure to deliver major repairs or property investment programmes could breach consumer standards, impact tenant safety and satisfaction, and ultimately leading to a loss of ability to meet strategic housing needs. However, these risks are balanced by significant opportunities. By embedding robust governance, transparency, and proactive tenant engagement throughout all operations, the Council can strengthen trust, improve service delivery, and safeguard tenant interests.

6.4 Externally validated business planning and scenario testing further enhance resilience, ensuring the Council is well positioned to respond flexibly to regulatory changes and inspection outcomes. Demonstrating compliance with consumer standards also supports access to external grant funding and drives innovation in housing development, enabling the Council to deliver high-quality, safe, and sustainable homes for its residents

6.5 It is important to note these risks are balanced by significant opportunities. The adoption of a robust, externally validated business plan enhances financial resilience and supports long-term sustainability. Access to Homes England and other grant funding offers the potential to accelerate the delivery of new affordable and specialist homes, while reforms to service charges and investment in energy efficiency measures will help ensure homes remain safe, modern, and affordable. Proactive tenant engagement and transparent consultation processes, including support for tenants affected by changes to rents or service charges, not only mitigate the risk of dissatisfaction and hardship but also strengthen trust and improve service delivery. Scenario planning, contingency arrangements and ongoing monitoring enable the Council to respond flexibly to financial, operational and policy uncertainties, maximising value for tenants and the wider community.

6.6 Key risks have been identified, and mitigation measures are in place, including controls around rent and service charge setting, compliance with statutory notice periods, strengthened financial governance, regular scenario testing and clear support arrangements for tenants affected by changes. Following approval in December the HRA Business Plan will be subject to ongoing monitoring, with regular reporting to Council and relevant committees. Annual reviews will ensure the Plan remains responsive to changing circumstances, supports value for money and continues to deliver the Council's housing objectives while maintaining a resilient and sustainable HRA.

6.7 Risk table

Risk	***Mitigation***
Failure to set rents/service charges correctly, breaching regulations	Ensure compliance with legal/regulatory requirements, regular reviews and legal oversight
Delay in Council approval, risking statutory notice period breach	Build in extra time for approvals; monitor timetable closely; communicate early with Council
Inaccurate rent/service charge calculations affecting HRA income	Implement robust calculation processes; conduct regular audits and reviews
Tenant hardship due to increased rents/service charges	Provide targeted support, hardship funds, and clear communication; consult tenants
Insufficient HRA income to fund capital programme	Scenario planning; maintain reserves; seek additional grant funding
Failure to deliver new homes as planned and ability to meet housing need.	Monitor development pipeline; maintain flexibility; pursue Homes England and other grants

Non-compliance with emerging legislation (e.g., Decent Homes 2, Awaab's Law)	Ongoing monitoring of legislative changes; update policies and investment plans as needed
Increased voids or bad debt impacting financial sustainability	Strengthen arrears management; proactive tenant support; regular performance monitoring
Changes in Government policy (e.g., rent convergence, benefit rules)	Maintain flexibility in business plan; scenario testing; regular policy review
Non-compliance with Regulator of Social Housing's consumer standards, leading to regulatory intervention, reputational damage, or financial penalties	Regular compliance reviews; embed consumer standards in all processes; ongoing staff training; proactive engagement with the Regulator
Poor inspection outcomes highlighting weaknesses in governance, tenant engagement, or service delivery	Strengthen governance frameworks; enhance tenant engagement and consultation; implement recommendations from previous inspections; monitor service delivery against standards
Loss of ability to meet strategic housing need due to regulatory breaches or funding shortfalls	Scenario planning; maintain flexibility in development pipeline; pursue external grant funding and partnerships
Failure to deliver major repairs or property investment programmes, breaching consumer standards and impacting tenant safety/satisfaction	Prioritise investment in repairs and upgrades; monitor progress against Decent Homes Standard and EPC C targets; maintain contingency plans for delays

7. Council Priorities

7.1. The draft HRA Business Plan supports Shropshire Council's Corporate Plan 2026-2030, "Rebuilding Shropshire Together", and its overall vision of being sustainable, resilient and together. The Plan particularly supports the Corporate Plan ambition that people live in safe, inclusive places with homes that meet their needs, by enabling investment in existing council homes, improving housing quality, supporting tenant safety and delivering additional affordable, specialist and supported homes across Shropshire.

7.2. The proposals also contribute to the ambition that everyone has the opportunity to be healthy and thrive at every stage of life. Safe, affordable and energy efficient housing is a key determinant of health and wellbeing, and the draft Business Plan supports prevention and early intervention by reducing risks associated with poor housing conditions, fuel poverty, homelessness and unsuitable accommodation. The focus on specialist and supported housing will also help older people, disabled people, care leavers and households with health or support needs to live independently for longer.

7.3. The draft HRA Business Plan supports the priority ambition for a financially sustainable Council, with clear priorities and purpose, by providing a 30-year financial framework for the HRA. It strengthens governance over HRA income, expenditure, borrowing, reserves, grant funding and investment decisions, ensuring that HRA resources are used transparently and focused on the greatest housing need and long-term value for residents.

7.4. The proposals also align with the priority ambition for a protected environment that supports wellbeing, through investment in energy efficiency, decarbonisation and improvements to the existing housing stock. Measures such as insulation, low carbon heating and renewable energy technologies will help reduce carbon emissions, support warmer homes and reduce household energy costs where feasible.

7.5. The draft HRA Business Plan further supports the ambition for a fair and thriving economy that benefits everyone. Investment in repairs, maintenance, energy efficiency and new housing development will support local employment and supply chain opportunities, while the provision of affordable and suitable homes can help residents access work, education, care and support networks and contribute to stronger local communities.

8. Financial Implications

8.1. Shropshire Council continues to manage unprecedented financial demands, and a financial emergency was declared by Cabinet on 10th September 2025.

8.2. Despite these unprecedented pressures on the General Fund, the HRA remains a ring-fenced account; income and expenditure must be applied in accordance with statutory requirements and the HRA ring-fence. The HRA remains a Council account, notwithstanding that day-to-day housing management functions are delivered through STaR Housing under the management agreement. The Council, and in particular the Section 151 Officer, retains responsibility for the proper administration of HRA finances.

8.3. The report reflects the rent and service charge decisions agreed in February 2026 and now incorporated within the HRA Business Plan 2026. These include agreement to increase Social Housing and Affordable Rents in line with Government rent policy, and to adopt rent convergence of £1 per week in 2027/28 and £2 per week in 2028/29 where permitted. The draft HRA Business Plan also reflects the revised service charge approach agreed following the comprehensive review, with service charges calculated on the basis of actual costs plus a 15% management and administration fee, excluding sewage charges.

8.4. This approach is intended to support full cost recovery, improve transparency for tenants and ensure that service costs are recovered appropriately through the HRA.

8.5. An independent review of the HRA undertaken in June 2026 found that the HRA is currently in a sound position, but it did identify areas where financial governance, reserve's policy, borrowing assumptions, viability assessment and oversight arrangements should be strengthened. In response, the draft HRA Policy has been developed to provide clearer principles for the use of HRA resources, including income, expenditure, reserves, borrowing and investment decision making.

8.6. Further to this, it should be noted the agreement given by Council in February 2025 for £174million of borrowing is still in place. However, this limit will remain under scrutiny from Cabinet moving forward and subject to decisions as part of the Capital

Strategy, not least given the increasing level of regulatory compliance brought in by central government and the Council's current financial situation.

8.7. The review also identified that the HRA Business Plan should not describe borrowing as being secured against, or borrowed against, the Council's housing stock. Council borrowing is undertaken through the Council's treasury management arrangements, including use of the Public Works Loan Board where appropriate, and is not secured against specific HRA assets. The draft Business Plan has therefore been updated to reflect that borrowing decisions must be considered through the Council's Treasury Management Strategy, the Prudential Code and the long-term affordability of the HRA.

8.8. The independent review also considered the Council's existing HRA 'Golden Rules', including the approach to borrowing, reserves, viability assessment and long-term financial sustainability. This review has now taken place, and the relevant principles have been written into the new draft HRA Policy, ensuring that future decisions on HRA resources, investment and financial management are supported by clearer governance and consistent parameters. The 'Golden Rules' have also been specifically listed within Appendix A of the draft HRA Policy.

8.9. The HRA Business Plan continues to support significant capital investment in existing homes, energy efficiency, compliance work and the delivery of new affordable and specialist housing, but as mentioned earlier investment in Net Zero is a significant pressure therefore this remains under review. The independent review recommended that the Council reviews its HRA golden rules, debt cap and reserves assumptions to ensure that they remain appropriate for a local authority HRA and support robust long-term financial planning. The appropriateness of the existing borrowing cap and minimum reserves assumption will therefore continue to be reviewed through the HRA Policy, business planning process and regular financial monitoring. At the time of writing this report a review of current year's budgets against delivery of individual capitals schemes was underway to identify any additional in-year budget requirements to ensure compliance. Any changes required to budgets will be identified and requested within the Quarter 2 Financial Monitoring report.

8.10. The use of HRA reserves will require ongoing monitoring and review. The independent review noted that reserves provide important resilience and generate interest income for the HRA, and that the Council should consider the opportunity cost of using reserves compared with borrowing. Decisions to apply reserves to capital investment, major works, statutory duties or new development will therefore need to be considered against the HRA Policy, the long-term financial model and the requirement to maintain an appropriate level of working reserves.

8.11. The Plan relies on robust viability assessment for acquisitions, new build schemes and grant-funded programmes. The independent review recommended that viability assessments should include the revenue impact of management, maintenance, borrowing, service costs and long-term HRA affordability, rather than relying only on short-term capital or cashflow tests. Future schemes will therefore need to demonstrate that they are affordable within the HRA over the life of the Business Plan and do not undermine the overall viability of the account.

8.12. External grant funding, including Homes England funding, remains important to the delivery of future HRA investment and development programme. The independent review highlighted the need for clearer governance around grant bid submission, matched funding, deliverability, ongoing maintenance liabilities, tenant disruption and expected outcomes. Future bids will therefore be managed through clearer Council oversight and in accordance with the delegated authorities and governance arrangements set out in this report.

8.13. The financial model will continue to be used to test scenarios and sensitivities, including rent policy, service charge recovery, inflation, interest rates, borrowing, grant funding, capital costs, stock investment requirements, Right to Buy receipts and regulatory requirements. This will ensure that Members are able to consider the impact of future decisions on the long-term sustainability of the HRA and that the Business Plan remains responsive to changes in the financial and policy environment.

8.14. In summary, the financial implications of the draft HRA Business Plan are that the HRA remains sustainable over the 30-year planning period, subject to continued active management, strengthened governance, appropriate use of reserves and borrowing, robust viability assessment and regular review of assumptions. The draft Plan provides a framework for maintaining existing council homes, supporting regulatory compliance, delivering new affordable and specialist housing and ensuring that HRA resources are used transparently and in line with the Council's housing priorities.

8.15. The draft Business Plan has been subject to rigorous scenario testing to assess the impact of changes in inflation, rent policy, void rates, bad debt, borrowing costs and capital investment requirements. This assurance has been strengthened by the independent HRA review undertaken in June 2026, which considered the underlying assumptions within the draft Business Plan, the use of reserves, borrowing assumptions, scheme viability, grant funding governance and oversight arrangements. The findings from the review have informed the development of the draft HRA Policy and will support stronger governance, clearer decision making and ongoing monitoring of the long-term sustainability of the HRA. This will be further discussed in detail with Housing Scrutiny Committee.

8.16. Borrowing is fundamental to delivering the ambitions of the HRA Business Plan. It enables the Council to invest in new and existing housing stock, meet statutory requirements such as the Decent Homes Standard and EPC C by 2030, and respond to emerging legislation. Prudent borrowing spreads the cost of major investment over the life of the assets, supporting long-term financial sustainability and allowing the Council to maximise opportunities for external grant funding.

8.17. The proposals within the draft plan are aligned with Government policy on social housing rents, decarbonisation, and affordable housing delivery. Locally, the plan supports the Council's corporate objectives and addresses identified housing needs across Shropshire.

9. Legal and HR implications

9.1. The Council must ensure that all decisions relating to the Housing Revenue Account are made in accordance with the statutory HRA ring-fence and relevant local government finance, housing and public law requirements. The HRA is a ring-fenced account, and HRA income and expenditure must be applied for proper HRA purposes. The proposed HRA Business Plan, rent and service charge arrangements, use of reserves, borrowing assumptions, grant funding and investment decisions must therefore be implemented in accordance with the Council’s financial regulations, Treasury Management Strategy, Prudential Code, Contract Procedure Rules and scheme of delegation.

9.2. Rent and service charge decisions must comply with the Government’s social housing rent policy, tenancy and lease provisions, statutory consultation requirements where applicable, and the requirement to give tenants appropriate notice of changes. The revised service charge approach should be supported by clear calculation methods, audit trails and communication with tenants to reduce the risk of challenge and ensure transparency. Any grant funding agreements, Homes England bid submissions, development agreements, acquisitions, disposals or procurement activity arising from the Business Plan will require appropriate legal, financial and procurement advice before implementation.

9.3. The Business Plan also supports compliance with the Council’s legal duties as a social housing landlord, including requirements relating to housing conditions, health and safety, building and fire safety, the Decent Homes Standard, damp and mould, Awaab’s Law, consumer standards regulated by the Regulator of Social Housing, equality duties and tenant involvement. Ongoing governance, monitoring and reporting arrangements will be important to demonstrating compliance and ensuring that emerging legislative or regulatory changes are reflected in future updates to the Business Plan.

9.4. There are no immediate direct HR implications arising from the recommendations in this report. Delivery of the HRA Business Plan will, however, require sufficient identified capacity across programme management, asset management, tenant engagement, compliance, procurement, finance and legal support, given the scale, complexity and long-term nature of the programme. It will also require effective working arrangements between the Council, STaR Housing and other delivery partners, with clear roles, accountabilities and escalation routes set out through the governance arrangements supporting implementation. Any future changes to staffing structures, roles, responsibilities, commissioning arrangements, management arrangements or service delivery models arising from implementation of the Business Plan would be subject to normal HR processes, consultation requirements and relevant employment policies, including consultation with affected employees and trade unions where required.

9.5. Workforce implications will continue to be monitored as the programme develops, particularly in relation to programme management, asset management, tenant engagement, compliance, procurement, legal and financial governance. Where additional capacity or specialist workforce resource is required to support delivery, this will be considered through existing workforce planning, budget management and approval processes. Training and capability requirements linked to regulatory compliance, the Regulator of Social Housing’s consumer standards, tenant engagement, damp and mould, Awaab’s Law and asset compliance will also be considered as part of implementation planning, to ensure that staff and delivery partners have the skills, knowledge and capacity required to support effective delivery and assurance.

10. Electoral Division Implications

10.1. The HRA Business Plan has implications across Shropshire and therefore affects all electoral divisions. While the Council's existing retained housing stock is currently concentrated mainly in the Oswestry and Bridgnorth areas, the Plan also supports future investment, stock expansion and the delivery of new affordable, specialist and supported housing in other parts of the county where housing need and viable opportunities are identified.

11. Health, Social (including "Child Friendly Shropshire") and Economic Implications

11.1. The recommendations are consistent with the Council's Health in All Policies approach. Safe, secure, affordable and energy efficient housing is a key wider determinant of health and wellbeing. The draft HRA Business Plan supports improved health outcomes by enabling investment in existing council homes, maintaining compliance with the Decent Homes Standard, improving energy efficiency, supporting warmer homes and reducing risks associated with damp, mould, fuel poverty, overcrowding and unsuitable accommodation.

11.2. The proposals are expected to have positive social impacts by supporting the delivery of new affordable, specialist and supported housing, including homes for older people, disabled people, care leavers and households with urgent medical or housing needs. This has the potential to reduce homelessness, support independent living, improve community stability and reduce pressure on health, social care and temporary accommodation services. The planned strategic housing survey and ongoing tenant and stakeholder engagement will help ensure that future investment decisions are informed by local evidence and lived experience.

11.3. The impacts may vary across communities and demographics. Rural communities may experience particular challenges in accessing affordable housing, services, transport and support networks, while older people, disabled people, families with children, care leavers and households on lower incomes may be disproportionately affected by housing affordability, accessibility and suitability pressures. The draft Business Plan seeks to reduce these inequalities through investment in existing stock, development of additional affordable and specialist homes, targeted tenant support and continued engagement with communities to understand local need.

11.4. There may be some potential negative impacts arising from rent and service charge changes, particularly for tenants on low incomes or those experiencing financial vulnerability. These risks are mitigated through compliance with statutory notice periods, clear communication, affordability considerations, targeted tenancy sustainment support, advice and signposting, and ongoing monitoring of arrears, hardship and tenant feedback. Annual reviews of the Business Plan will ensure that emerging impacts are identified and addressed.

11.5. The proposals support prevention and early intervention by improving housing conditions, supporting tenancy sustainment, reducing the risk of homelessness and enabling people to live independently for longer. Investment in energy efficiency and adaptations can help prevent avoidable health deterioration, reduce hospital admission and delayed discharge risks, and support better long-term outcomes for residents, families and communities.

11.6. The draft Business Plan also has relevance to the Council's commitment to supporting care leavers. The development of additional affordable and specialist housing, alongside closer alignment between housing, children's services and wider support services, provides opportunities to improve equality of access and outcomes for care leavers. Where suitable schemes are developed, consideration will be given to how housing pathways, tenancy support and move-on options can better meet the needs of care experienced young people.

11.7. In relation to Child Friendly Shropshire, the proposals support the principle that children and young people should have access to safe, secure and suitable housing and that their interests are considered in decisions affecting their homes, families and communities. Improved housing conditions, reduced homelessness, greater availability of affordable homes and better support for vulnerable households can contribute to improved outcomes for children, including health, safety, education, stability and participation in community life.

11.8. The views and interests of children and young people will be considered where proposals affect families, care leavers or communities with significant numbers of children. This will be supported through tenant, resident and stakeholder engagement, alignment with children's services where appropriate, and consideration of the four key rights underpinning the Child Friendly Shropshire approach. Future scheme development and consultation activity will seek to ensure that the needs of children and young people are understood and reflected where relevant.

11.9. The economic implications are also positive. The draft Business Plan supports investment in housing assets, new development, repairs, decarbonisation and energy efficiency, which can contribute to local employment, supply chain opportunities and improved household financial resilience through more affordable and energy efficient homes. The delivery of additional affordable and specialist housing will also support wider economic participation by helping residents remain in or move closer to work, education, care and support networks.

12. Equality and Diversity Implications

12.1. The draft HRA Business Plan has been considered in relation to the Council's duties under the Equality Act 2010, including the Public Sector Equality Duty. The proposals are expected to have a broadly positive equality impact by supporting investment in safe, secure, affordable and accessible housing, improving existing council homes and enabling the delivery of new affordable, specialist and supported accommodation to meet identified local need.

12.2. The protected characteristics most likely to be affected are age, disability, pregnancy and maternity, sex and race, with potential indirect implications for religion or belief where households have specific housing, cultural or family requirements. Older people, disabled people, wheelchair users, families with children, care leavers, households experiencing homelessness, people with urgent medical needs and households on low incomes may experience particular benefits from improved housing conditions, adaptations, energy efficiency measures and additional affordable or specialist housing.

12.3. Potential negative impacts may arise where rent or service charge changes place additional pressure on tenants who are financially vulnerable, including disabled people, older people, single parent households, larger families, carers and households with limited income. These impacts will be mitigated through clear communication, compliance with statutory notice periods, affordability considerations, targeted tenancy sustainment support, welfare and money advice, signposting to support services and ongoing monitoring of arrears, hardship and tenant feedback.

12.4. The Business Plan will be supported by continued tenant, resident and stakeholder engagement to ensure that the needs of different communities are understood and reflected in future investment and delivery decisions. Where individual schemes, policy changes or service redesign proposals are brought forward, equality impacts will be considered in more detail and an Equality, Social and Health Impact Assessment will be completed or updated where required. This will help ensure that any differential impacts are identified early and that reasonable mitigations or enhancements are built into delivery plans.

12.5. The proposals also support the Council's responsibilities under the Armed Forces Covenant. Members of the Armed Forces community, including serving personnel, veterans, reservists and their families, should not face disadvantage in accessing housing advice, support or affordable housing opportunities. The draft Business Plan supports this through investment in affordable and suitable homes, alignment with housing need evidence and continued application of housing policies that recognise the needs of the Armed Forces community, including where relevant through allocations, homelessness prevention, adaptations and tenancy sustainment support.

12.6. Overall, the draft HRA Business Plan is expected to advance equality of opportunity by improving housing quality, increasing access to affordable and specialist housing, supporting independent living and helping to reduce housing-related disadvantage. Ongoing monitoring, consultation and scheme-level assessment will be used to identify any emerging equality impacts and ensure appropriate action is taken to mitigate adverse impacts and maximise positive outcomes for residents and communities.

13. Climate Change, Biodiversity and Environmental Implications

13.1. Carbon offsetting or mitigation: The draft HRA Business Plan includes significant investment in energy efficiency measures across the Council's housing stock, including improved insulation, air source heat pumps and solar PV panels. These measures are expected to reduce carbon emissions from existing council homes and ensure that new homes are designed to support lower carbon living. While the Plan does not rely on direct carbon offsetting schemes, the planned investment in existing homes, major refurbishments and new build development will contribute to a measurable reduction in carbon output across the HRA portfolio. By 2030, all Council homes are targeted to achieve EPC C where feasible, supporting the Council's wider commitment to net zero carbon emissions by 2050.

13.2. Climate change adaptation: The draft Plan incorporates adaptation measures to help ensure that council homes remain resilient to changing climate conditions. This includes upgrades to building fabric and heating systems, increased insulation to support comfort during temperature extremes, improved ventilation and flood resilience measures where appropriate. All new developments and major refurbishments will have regard to current and emerging building standards, including the Future Homes Standard, and will seek to meet or exceed minimum requirements for climate adaptation where technically feasible and financially viable.

13.3. Energy and fuel consumption: Energy and fuel consumption across the HRA stock is expected to reduce as a result of planned investment in energy efficiency. Measures such as improved insulation, more efficient heating systems, air source heat pumps and solar PV will support lower energy use and help reduce household running costs. The move towards EPC C for all council homes by 2030, where feasible, is expected to reduce average household energy consumption and support wider efforts to tackle fuel poverty. The move to a 52-week rent charging model also supports more consistent household budgeting for tenants.

13.4. Renewable energy generation: The HRA Business Plan 2026 supports the increased use of renewable energy technologies in both new and existing homes, including solar PV panels and air source heat pumps. The proportion of homes with renewable energy installations is expected to increase year on year as investment programmes are delivered. At least 15% of properties were already equipped with heat pumps as of December 2025, with further expansion planned through future investment, grant-funded schemes and the wider programme to improve the energy performance of council homes.

14. Background Papers

None

15. Appendices

Appendix A – Draft HRA Policy
Appendix B – Draft HRA Business Plan Summary

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