

Report subject	BCP Homes Asset Management Plan and Housing Revenue Account 30 Year Business Plan
Meeting date	26 November 2025
Status	Public Report
Executive summary	This report presents the BCP Homes Asset Management Plan and the Housing Revenue Account (HRA) 30 Year Business Plan principles for approval. The HRA Business Plan is a strategic financial framework that ensures the long-term sustainability of council housing by aligning investment in existing homes, compliance, decarbonisation, and new housing supply with prudent financial management. The plan is underpinned by robust stock condition data, prudent financial assumptions, and a sustainable borrowing strategy. It supports the delivery of 937 new homes by 2034/35, significant investment in existing stock, and ongoing compliance with regulatory standards. The plan prioritises financial resilience, risk management, and alignment with corporate priorities such as decarbonisation and tenant engagement. Adoption of these recommendations will ensure BCP Homes continues to provide safe, decent, and energy-efficient homes, while maintaining the financial viability of the HRA and supporting the Council's wider social and environmental objectives.
Recommendations	It is RECOMMENDED that Cabinet recommends to Council to: i) Approve the HRA Asset Management Plan at appendix 1; ii) Approve the Baseline+ scenario for the HRA 30 Year Business Plan; iii) Note that adjustments to the HRA 30 Year Business plans will be made on an annual basis alongside annual HRA budget setting and reported to Cabinet and Council accordingly.
Reason for recommendations	The recommendations are made to secure the long-term financial sustainability and legal compliance of the Council's housing services. By adopting this plan, the Council ensures it can continue to provide safe, decent, and energy-efficient homes, supported by robust stock condition data and prudent financial assumptions. The plan enables the delivery of 937 new homes by 2034/35 and significant investment in existing properties, all while aligning with corporate priorities such as decarbonisation and tenant

	engagement. Regular review and scenario testing provide resilience against risks like inflation, interest rate changes, and evolving government policy. This approach maintains transparency, accountability, and good governance, ensuring that the Council's housing ambitions remain both affordable and achievable.
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Corporate Director	Glynn Barton, Chief Operations Officer
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Wards	Council-wide
Classification	For Decision

Background

1. The Housing Revenue Account (HRA) is a ring-fenced account that records all income and expenditure relating to the Council's housing stock. To ensure the long-term sustainability of council housing, local authorities are strongly encouraged to maintain a 30-year HRA Business Plan. This plan sets out the financial strategy for managing and maintaining the housing stock over a 30-year period, including both revenue and capital investment requirements.
2. The importance of the HRA Business Plan has grown since the introduction of self-financing arrangements under the Localism Act 2011, which gave councils full responsibility for managing their housing stock from rental income rather than relying on government subsidy. Councils can now borrow against HRA income to fund improvements and new housing, making robust long-term planning essential.

Why is the HRA Business Plan Important?

3. **Financial Viability:** It demonstrates that the HRA can remain solvent while meeting obligations for maintenance, compliance, and investment. This is critical for councils to manage debt responsibly and avoid deficits, as the HRA cannot legally go into the red.
4. **Strategic Asset Management:** The plan supports decisions on major works, regeneration, and new housing supply, aligning with corporate priorities such as affordable housing and energy efficiency targets.
5. **Risk Management:** Long-term modelling allows councils to test scenarios for inflation, interest rates, and policy changes, ensuring resilience against economic shocks and legislative reforms.
6. **Transparency and Accountability:** Best practice guidance from CIPFA and the Local Government Association highlights that a clear, regularly updated business plan underpins good governance, tenant engagement, and compliance with regulatory standards.

Benefits for Councils

7. Enables planned investment in stock condition, decarbonisation, and new build programmes.
8. Provides a framework for borrowing decisions and treasury management.

9. Supports delivery of wider social outcomes, including improved health, employment opportunities, and community regeneration.
10. Although not a statutory requirement, maintaining and reviewing a 30-year HRA Business Plan is widely regarded as best practice and is strongly encouraged by central government. It ensures councils can make informed short, medium and long-term decisions while safeguarding the financial sustainability of their housing services.

Asset Management Plan

11. A robust 30-year asset management plan is fundamental to the long-term sustainability and strategic direction of the Housing Revenue Account (HRA) business plan. It provides the essential framework for ensuring that BCP Homes can maintain, invest in, and improve its housing stock in a way that is financially viable, legally compliant, and aligned with tenant needs and expectations.
12. In order to inform the development of a refreshed asset management plan, BCP Homes has undertaken significant work to deepen its understanding of the condition of its housing stock. This includes completing stock condition surveys in the last 5 years on over 70% of all properties, providing a strong evidence base for future investment planning. This enhanced insight allows for more accurate forecasting of capital and revenue requirements, enabling the HRA business plan to be built on realistic assumptions and priorities.
13. Appendix 1 outlines the proposed 30-year asset investment plan, which has been used as a key baseline for reviewing and shaping the HRA business plan. This alignment ensures that investment decisions are both strategic and responsive, supporting the delivery of safe, decent, and energy-efficient homes while maintaining financial resilience across the HRA.
14. The key aspects of the plan are summarised in the following table;

	30-year spend £m	Per property £
Major Works (kitchens, bathrooms etc)	480.3	50,000
Decarbonisation	72.0	7,500
Disabled Adaptations	42.0	4,372
Environmental Improvements	4.9	510
Compliance	19.2	1,994
Other Capex	19.8	2,063
TOTAL	638.2	66,439

Review of HRA 30 Year Business Plan

15. The review of the HRA business plan for BCP Homes has followed a structured and evidence-based approach, ensuring that the plan is robust, credible, and aligned with both operational realities and strategic objectives. The key steps in this process are as follows:

Stock Condition Data

- Up-to-date surveys and assessments of the housing stock to understand current condition and future capital investment needs.

Financial Data and Forecasts

- Detailed analysis of budgets, reserves, income (e.g., rents, service charges), and expenditure (e.g., repairs, capital works, management costs).
- Long-term projections for income and expenditure, including scenario and sensitivity analysis to test resilience under different assumptions (e.g., inflation, interest rates, rent policy changes).

National Policy and Regulatory Context

- Impact of national rent setting policy, building safety and fire safety regulations, decarbonisation requirements, the Decent Homes Standard, and other statutory or regulatory changes.

Strategic Asset Management

- Alignment with the asset management strategy, including investment in existing homes, regeneration, and new housing supply.

Capital Programme and Investment Needs

- Planning for major works, decarbonisation, and new build programmes, ensuring these are affordable and deliverable within the HRA's financial capacity.

Debt and Financing Strategy

- Borrowing plans, interest rates, repayment schedules, and affordability assessments.

Reserves Strategy

- Use and management of HRA reserves to support financial resilience.

Governance and Compliance

- Ensuring the plan demonstrates strong governance, regulatory compliance, and prudent management.

Stakeholder and Resident Engagement

- Involving residents, portfolio holders, Section 151 Officer, Corporate Management Board, and other stakeholders in setting objectives and reviewing options.

Risk Management

- Identification and mitigation of risks such as non-compliance, operational disruptions, and resident dissatisfaction.

Equality and Diversity

- Considering equality impacts and ensuring fair treatment for all residents.

16. In order to support this complex review, external support was commissioned from Housing Finance Associates. Their report is at appendix 2.
17. In summary, the HRA remains in a strong financial position, providing a solid foundation for continued investment in existing housing stock and the delivery of new homes. Current projections indicate that the Council can achieve its ambition of delivering 937 new homes by 2034/35, including 680 additional homes from 2027/28 onwards. This is underpinned by a series of prudent assumptions, including a permanent 2% reduction in operating costs from 2026/27, increased recovery of service costs through service charges, and rent increases aligned to CPI plus 1% until 2035/36, followed by CPI thereafter. Rent convergence is expected to progress at £1 per week from 2026/27.
18. While the outlook is positive, the projections are sensitive to external factors such as inflation, interest rates, and government policy on rents. Future requirements for decent homes standards and decarbonisation, as well as the availability of external funding, present additional risks. Stress testing demonstrates that the HRA's

resilience could weaken if costs rise without corresponding increases in income or funding.

19. The capital programme prioritises major works, compliance, adaptations, and decarbonisation, with an estimated £50,000 per unit for major works and £7,500 per unit for decarbonisation over 30 years. Financing will draw on the Major Repairs Reserve, retained Right to Buy receipts, grants, and Section 106 contributions, with borrowing used only when other resources are exhausted. Debt is projected to rise from £150 million in 2025/26 to £330 million by 2034/35, peaking at £361 million by 2054/55.
20. Despite the challenges, the HRA demonstrates strong affordability metrics, with operating surplus improving from 16.3% in 2025/26 to 29.8% in 2035/36 and interest cover remaining above minimum thresholds. This provides confidence that the proposed investment programme is sustainable, provided cost control and income generation remain priorities.
21. To maintain this position, the Council must continue to apply downward pressure on operating costs, maximise income through service charges and rent policy, and monitor external risks closely. Should assumptions change, corrective actions such as reducing borrowing, seeking additional funding, or exploring rent flexibility and asset disposals may be required.

Core Baseline Plus Assumptions

22. This report is seeking approval of the baseline plus position recommended as a result of the HRA Business Plan review. The Core Assumptions act as the foundation for the Plan and are as follows;

Inflation (Bank of England projections)

- CPI:
 - 3.75% (2026/27)
 - 2.5% (2027/28)
 - 2.0% thereafter
- Building costs: CPI + 1% annually.

Interest Rates

- Existing loans: 3.92%
- New borrowing: 5.3% long-term average.

Rent Policy

- Rent increases: **CPI + 1% until 2035/36**, then CPI only.
- Rent convergence: Up to £1 per week from 2026/27.
- No rent flexibility assumed.

Stock & Growth

- Opening stock: 9,606 units (2025/26).
- New homes: 937 by 2034/35 (257 by 2026/27, then 85 per year).
- RTB sales:
 - 30 per year (2025/26–2026/27), then 5 per year from 2027/28.
 - Discounts reduced to £30,000 max.

Operating Cost Adjustments

- Permanent **2% reduction** in general management and repairs budgets from 2026/27.

- Additional £100k service charge income from 2026/27.

Capital Programme Assumptions

- Major works: £50k per unit over 30 years.
- Decarbonisation: £7.5k per unit over 30 years.
- Compliance: Ongoing fire safety, asbestos, damp/mould works.

Minimum HRA Balance

- 5% of operating expenditure (excl. capital financing).

Debt & Financing

- Debt rises from £150m (2025/26) to £330m (2034/35), peaking at £361m by 2054/55.
- Financing mix: Major Repairs Reserve, RCCO, RTB receipts, grants, S106, borrowing.

Outputs

23. The Asset Management Plan and 30 Year Business Plan Baseline Plus position provides a robust framework for BCP Homes, ensuring the delivery of 937 new homes by 2034/35—including 257 homes by 2026/27 and a further 680 by 2034/35—across a mix of social rent, affordable rent, and shared ownership. Over the next 30 years, the plan commits to significant investment in existing homes, with £50,000 per unit allocated for major works and £7,500 per unit for decarbonisation, alongside ongoing funding for compliance, adaptations, and other capital works. These outputs are underpinned by prudent financial assumptions, a sustainable borrowing strategy, and a focus on maintaining strong operating surpluses. This plan is not only a delivery schedule but also the strategic foundation for BCP Homes' future, providing the evidence base and financial resilience needed to support safe, decent, and energy-efficient homes for residents, and guiding decision-making for investment, risk management, and compliance in the years ahead.
24. The Baseline Plus position, in summary, will deliver;

New Homes

- Total: 937 new homes by 2034/35
 - 257 homes delivered by 2026/27 (current development/acquisition programme).
 - 680 additional homes delivered between 2027/28 and 2034/35 (85 homes per year).
- Tenure mix: Social rent, affordable rent, and shared ownership

Investment in Existing Homes

- Major Works:
 - £50,000 per unit over 30 years (based on stock condition data).
- Decarbonisation:
 - £7,500 per unit over 30 years (no external funding assumed).
- Compliance & Safety:
 - Ongoing fire safety, asbestos removal, damp/mould remediation.
- Adaptations:
 - Continuing at 2025/26 levels for disabled adaptations.
- Other Capital Works:

- Includes communal areas, walkways, balconies, garages.

Next Steps

25. The next phase of this work will concentrate on formulating detailed plans aimed at further enhancing the energy efficiency of BCP Homes' housing stock. This work builds upon the decarbonisation commitments already established within the Asset Management and 30 Year Business Plan, ensuring continued progress towards more sustainable, energy-efficient homes.
26. In parallel, BCP Homes will develop a comprehensive strategy to assess and prepare for achieving net zero carbon emissions by 2050. This strategy will ensure that the organisation remains aligned with both national and local climate objectives, setting a clear pathway for future compliance and environmental stewardship.
27. As part of these next steps, efforts will be made to identify and pursue opportunities for external grant funding. The intention is to supplement existing financial resources and maximise the potential for investment in improvement works, thereby extending the impact of the Council's sustainability initiatives.
28. Additionally, the Council's Newbuild Housing and Acquisition Strategy will undergo a review to pinpoint appropriate sites for potential inclusion in the future new build programme. This approach supports the delivery of high-quality, sustainable homes, in line with the Council's commitment to meeting housing needs and environmental targets.
29. All decisions and proposals arising from these workstreams will be presented to Cabinet for consideration and approval. This process ensures that progress remains subject to ongoing oversight and continues to reflect the Council's strategic priorities.

Summary of financial implications

30. The proposed recommendations are based on the latest Housing Revenue Account (HRA) financial projections, which indicate that the account remains sustainable over the long term. The plan supports continued investment in existing stock and the delivery of 937 new homes by 2034/35, funded through a combination of rental income, service charges, retained Right to Buy receipts, grants, and borrowing. Debt is forecast to rise from £150 million in 2025/26 to £330 million by 2034/35, peaking at £361 million by 2054/55. Operating surplus is projected to improve from 16.3% to 29.8% over the same period, and interest cover remains above minimum thresholds, confirming affordability. However, the projections are sensitive to inflation, interest rates, and government policy changes. Any deviation from assumptions may require corrective action, such as reducing borrowing, seeking additional funding, or adjusting the capital programme.

Summary of legal implications

31. The Council has a statutory duty under the Local Government and Housing Act 1989 to maintain a balanced Housing Revenue Account. Adoption of the proposed recommendations ensures compliance with this requirement and supports delivery of obligations under the Housing Act 1985, including maintaining homes to the Decent Homes Standard. The recommendations also align with the Council's legal responsibilities regarding health and safety, building compliance, and decarbonisation targets under current environmental legislation. Any borrowing undertaken will be in accordance with the Prudential Code and the Council's Treasury Management Strategy. Failure to adopt the recommendations could compromise the Council's ability to meet these statutory duties and contractual obligations.

Summary of human resources implications

32. None.

Summary of sustainability impact

33. The Asset Management and 30 Year Business Plan for BCP Homes is designed to support the long-term sustainability of the Council's housing stock, ensuring that homes remain safe, decent, and energy-efficient for current and future residents. The plan's sustainability impact is reflected in several key areas:
- **Strategic Investment in Decarbonisation:** The plan prioritizes investment in decarbonisation measures, with an estimated £7,500 per unit allocated over 30 years. This commitment supports the Council's environmental objectives and helps to future-proof homes against rising energy costs and evolving regulatory standards.
 - **Evidence-Based Asset Management:** By completing stock condition surveys on over 70% of properties within the last five years, BCP Homes has established a robust evidence base for investment decisions. This enables targeted interventions that maximize the lifespan of assets and minimize waste, supporting both financial and environmental sustainability.
 - **Financial Resilience:** The business plan is underpinned by prudent financial assumptions and stress testing, ensuring that investment in sustainability measures is affordable and deliverable within the HRA's capacity. The plan's approach to borrowing, reserves, and income generation is designed to maintain long-term viability without compromising service delivery.
 - **Alignment with Regulatory and Policy Requirements:** The plan supports compliance with current and emerging standards, including the Decent Homes Standard and environmental legislation. This proactive approach reduces the risk of future non-compliance and associated costs, while supporting the Council's broader sustainability commitments.
 - **Continuous Improvement:** The plan is periodically reviewed and updated as new information becomes available, ensuring that sustainability objectives remain central to decision-making and that the Council can respond to emerging risks and opportunities.
34. In summary, the Asset Management and 30 Year Business Plan provides a framework for sustainable investment in BCP Homes' housing stock, balancing financial viability with the need to deliver high-quality, energy-efficient, and future-ready homes for residents.

Summary of public health implications

35. Enhancing housing standards and providing new homes are key to supporting health. The quality, safety, and suitability of housing directly affect physical and mental wellbeing. Upgrading existing and building high-quality homes creates safer, warmer, and more energy-efficient environments, reducing health risks like damp, cold, overcrowding, and poor air quality. Investing in social housing tackles health inequalities by offering secure, affordable homes to those most vulnerable, such as older adults, families with young children, and people with disabilities. Stable, good-quality housing improves mental health and allows residents greater participation in work, education, and community life.
36. Accessible homes and adaptations support independent living for older people and those with disabilities, reducing reliance on health and social care. Regeneration and increased housing supply promote safer communities and local economic growth. Integrating high standards into the Asset Management and 30 Year Business Plan enables BCP Homes to advance public health aims and improve residents' lives.

Summary of equality implications

37. Improving housing through the Asset Management and 30 Year Business Plan offers significant opportunities to reduce health inequalities and tackle poverty within the community. By investing in safer, warmer, and more energy-efficient homes, the plan directly addresses factors that contribute to poor health, such as damp, cold, and overcrowding. Enhanced housing standards and the delivery of new, affordable homes support vulnerable groups—including older adults, families with young children, and people with disabilities—helping to reduce social and economic disparities. Stable, high-quality housing also enables greater participation in work, education, and community life, further supporting efforts to alleviate poverty and promote equality across Bournemouth, Christchurch and Poole.

Summary of risk assessment

38. The main risks arising from this report include financial uncertainties (such as inflation, interest rates, and changes in government policy), regulatory and policy changes, operational challenges (like non-compliance or resident dissatisfaction), and delivery risks related to new home development and funding. There are also sustainability risks tied to achieving decarbonisation and net zero targets, and governance risks if oversight or prudent management lapses. The plan addresses these risks through regular review, scenario testing, prioritisation of key investments, and ongoing Cabinet and Council oversight. Flexibility to take corrective action—such as adjusting borrowing, seeking additional funding, or modifying the capital programme—ensures the plan remains resilient and sustainable over the long term.

Background papers

None

Appendices

Appendix 1 – BCP Homes Asset Investment Management Plan

Appendix 2 – BCP Homes HRA Business Plan Report – Housing Finance Associates