

DECISION-MAKER:	CABINET
SUBJECT:	FRAMEWORK FOR MANAGING SELECTED VOID HRA ASSETS
DATE OF DECISION:	27 JANUARY 2026
REPORT OF:	COUNCILLOR A FRAMPTON CABINET MEMBER FOR MEMBER FOR HOUSING
CORPORATE PLAN OUTCOMES AND PRIORITIES	<p>A Growing Southampton. Deliver the homes, sustainable transport and social infrastructure Southampton needs to thrive.</p> <p>A Healthier Southampton. Improve the quality of our homes and housing service and reduce homelessness.</p> <p>A modern, financially sustainable council that makes lives better for residents.</p> <p>Transform to become a financially sustainable, efficient council.</p>

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STATEMENT OF CONFIDENTIALITY
N/A

BRIEF SUMMARY
<p>This report sets out the formal justification for the selection and disposal of vacant (Void) Housing Revenue Account (HRA) assets, where the cost of repair and re-letting is significantly outweighed by the financial and strategic benefits of sale, and asks for delegated authority to sell five under-performing Void properties. It outlines a robust methodology for determining where disposal provides greater long-term value than repair, thereby supporting the Council's statutory and policy objectives.</p>
<p>This proposal forms part of a broader strategy to invest in improving existing homes and expanding the housing stock for families in Southampton. Capital receipts from property sales will be reinvested in the HRA to enhance the quality, safety, and sustainability of council homes through component renewal, targeted acquisitions, or new developments. Public concerns about selling council housing are addressed by acquiring replacement properties as part of the ongoing asset acquisition program, partly funded by Right to Buy proceeds, which has added 50 council homes in the past year.</p>

RECOMMENDATIONS:

(i)	To approve the adoption of the selection rationale, as the framework for identifying suitable HRA assets for disposal subject to a detailed business case.
(ii)	To delegate authority to the Director of Housing following consultation with the Executive Director of Resident Services, Director of Finance and the Cabinet Member for Housing to proceed with five pilot sales of under-performing Void properties, each of which would be based on a detailed business case.
(iii)	To grant permission to continue with the wider programme of disposals only following a comprehensive evaluation of the outcomes and lessons learned from the initial pilot sales.

REASONS FOR REPORT RECOMMENDATIONS

1.	The Council currently faces an estimated circa £75M gap between cost of improving HRA homes to a Decent Homes standard and the budget available – the council’s current performance on decent homes is among the worst in the country. There are a range of measures being proposed to address the gap, these include selected asset sales.
2.	This report sets out the rationale for the disposal of Housing Revenue Account (HRA) assets where the cost of repair and re-letting is significantly outweighed by the financial and strategic benefits of sale. It outlines a methodology for determining where disposal provides better long-term value than repair. Due to limited internal capacity to refurbish these properties and the requirement to return them to social rent, there is no viable business case for the Council to undertake these works.
3.	The approach proposes that selected Void (i.e. empty) properties would be sold. The proposal is for an initial sale of five houses (likely via auction) within the next few months, each with its own business case for disposal. There is an assumption of future sales of 25 properties each year, thereafter with further Cabinet approval sought on the basis of the experience with the first five sales.
4.	Key drivers for the proposed approach include improving overall financial efficiency, releasing capital through the disposal of properties that no longer meet operational or strategic requirements, and reinvesting proceeds in improving our housing stock and decent homes standard performance. This process will strengthen capacity to deliver new housing developments, meet key performance and compliance targets, and ultimately improve the quality, suitability, and sustainability of the homes and services provided to tenants.
5.	<p>The Council faces a circa £75M funding gap between the cost of improving HRA homes to a Decent Homes standard and the funding availability. Following our recent engagement with the Social Housing Regulator, the Council has formally committed to:</p> <ul style="list-style-type: none"> • Achieve 60% of stock meeting the Decent Homes Standard by the end of the current financial year (2025/26) – we are on track to meet this. • Deliver 100% Decent Homes compliance by 2030, with an interim target of 75% by end 2026/27.
6.	Over the past decade, several national and local decisions on rent policy have had a significant impact on long-term HRA income. Between 2016/17 and 2019/20, rents were reduced by 1% a year in line with Government policy, and in 2022/23 the

	<p>Council agreed a one-year rent freeze. These decisions, while beneficial to tenants at the time, have reduced HRA resources available for investment over the 40-year business plan. The 2022/23 rent freeze alone has reduced projected HRA income by approximately £157 million across the life of the plan.</p>
7.	<p>The Council currently faces one of the most significant Decent Homes compliance challenges nationally, with 40-45% of homes still failing to meet the standard. Achieving full compliance will require investment exceeding £165M over the coming years, compared with approximately £90M in available HRA resources. This creates a substantial funding gap that cannot be closed through rent income or efficiency measures alone, necessitating alternative approaches to safeguard the HRA's sustainability.</p>
8.	<p>A "Decent Home" is one that meets the following 4 criteria:</p> <ul style="list-style-type: none"> • It meets the current statutory minimum standard for housing. • It is in a reasonable state of repair. • It has reasonably modern facilities and services (e.g., kitchen, bathroom, adequate noise insulation, and effective heating). <p>It provides a reasonable degree of thermal comfort.</p>
9.	<p>In summary, according to the Ministry of Housing Communities & Local Government (MHCLG), a Decent Home is one that is safe, warm, and in a good state of repair, providing tenants with secure and comfortable living conditions. The Decent Home standard, which was intended to have been fully met (or at least 95%) by every social housing provider from 2010 is not a nice to have, it basically sets out the minimum every social house should be expected to meet.</p>
10.	<p>Many of the Council's older homes now require major component renewal, including kitchens, bathrooms, roofs, and windows. As these elements reach the end of their lifecycle simultaneously, the number of properties falling below the Decent Homes Standard is expected to increase without a significant expansion of investment capacity.</p>
11.	<p>Stock rationalisation is a strategic process designed to ensure that the Council's housing portfolio is optimally aligned with core objectives and long-term vision. The initiative seeks to enhance financial sustainability by identifying and addressing underperforming or non-strategic assets. The approach proposes that only Void (i.e. empty) properties that are 1 or 2 bed houses would initially be considered for disposal.</p>
12.	<p>To help bridge the investment gap, the Council proposes a measured approach to disposing of selected Void properties. Approximately 25 properties per year may be sold from 2026 onwards, focusing on smaller 1–2 bed houses. This paper seeks delegated authority to undertake five pilot disposals which will provide an evidence base for progressing the disposal programme. Decisions on disposals will be guided by strategic housing priorities and assessed on a case-by-case basis, including</p>

	consideration of any impact on the availability of larger family homes or homes suitable for vulnerable groups, as part of the Equality & Safety Impact Assessment (ESIA) process.
13.	The rationale for asset sales is based in part on a clear calculation known as a Net Present Value (NPV) test. The NPV test provides a transparent calculation that demonstrates whether disposal is a better long-term use of resources than repair. In most cases, where high repair costs combine with modest rental income, disposal produces a much stronger financial outcome and avoids tying up scarce HRA funds on underperforming properties. However, the NPV calculation is not the only driving factor – and indeed the NPV for disposals is overwhelming given that the Council’s stock is let at social rent, on a very substantial discount to market rent. The other key factor, as set out above, is the shortage of funding within the capital HRA and the affordability of borrowing.
14.	This approach generates capital receipts that can be reinvested in better-quality homes and also reduces ongoing maintenance liabilities. Disposal is therefore the preferred route unless there is a compelling strategic reason to retain the property, such as specific need for larger family accommodation or other specialist accommodation.
15.	Each property will be reviewed on a case-by-case basis through a clear financial and strategic framework to ensure that any disposal represents best value for the HRA and supports the Council’s commitment to maintaining and investing in high-quality, sustainable housing for residents. The policy would also feature in the putative housing asset management strategy, currently due for consultation in March 2026.
16.	Failure to take decisive action to address the Decent Homes funding gap would increase the risk of regulatory intervention. The Regulator of Social Housing has been clear that providers must maintain safe, decent homes and demonstrate credible plans to address compliance failures. A sustainable and balanced approach to asset management, including selective disposal, therefore supports the Council in meeting its statutory obligations and avoiding potential regulatory sanction.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
17.	Do nothing: Do not sell: (Retain and Repair Properties). Maintaining these assets would preserve the number of homes in HRA stock but at significant cost, tying up scarce capital resources and perpetuating a substantial funding gap for Decent Homes. This would also result in some residents continuing to live in non-decent accommodation. This option was rejected as it is misaligned with the Council’s objective to achieve 100% Decent Homes Standard by 2030 and to maintain the viability of the HRA.
DETAIL AND EVIDENCE (Including consultation carried out)	
18.	Rationale: Working with consultants (ARK) we have categorised our properties into ‘archetypes’ (type of property) and condition (A, B, C grades, see below for description)

Archetype Description	A	B	C	Unk
Flat High Rise (HR)	848	597	471	
Flat Mid-rise (MR)/ Low Rise (LR)≤6 SCC tenants	442	98	146	
Flat MR.LR ≤6 SCC tenants non-Traditional (trad)	142	36	58	
Flat MR/LR >6 SCC tenants non-Trad	986	243	461	
Flat MR/LR >6 SCC tenants Trad	2809	1799	1431	
Houses/low occupancy flats Trad	4377	277	562	6
Unknown	11	3	9	1

- A grade- High performing assets that are strong in terms of condition, cost-effectiveness and resident satisfaction. They are good performers that should be retained.
- B grade- Performing acceptably, but may require monitoring, selective investment or potential repurposing, but these are not immediate priorities for disposal.
- C grade- Poor performing assets that may have maintenance/investment liabilities, low resident satisfaction, weak market demand and/or low NPV. They may be considered for disposal, redevelopment and/or deprioritising investment.

Void Category 'C' assets will be selected for the rationale being proposed because they present poor value for investment, given the high cost to make them decent, and therefore a key focus for targeted disposal.

19. To assess whether to repair or dispose of a property, a Net Present Value (NPV) test is used. In plain English, this means we are asking, "If we sell this property, how much do we gain after taking into account what we lose in future rent and the benefits of re-letting?".

20. The formula used is:

$$\text{NPV} = \text{Repair Cost} + \text{Sale Receipt} - (14.7\text{k} \times \text{Annual Rent})$$

Where:

- Repair Cost = The estimated cost to bring the property back to Decent Homes standard.
- Sale Receipt = The expected proceeds from selling the property (after fees).
- 14.7 = This is a standard NPV calculation, and it represents the value today of 20 years of rent, assuming a 3.5% discount rate – less than the 30 years often used because of the comparative unattractiveness (and therefore rapid turnover) of the properties in question. It is a shorthand multiplier used in finance to compare long-term cash flows fairly, i.e. the value today of 20 years of the future rent the Council would lose if we were to sell the property. This NPV formula will be applied to identify potential assets for disposal. A more detailed NPV analysis of cash flows will be undertaken as part of the comprehensive business case for each proposed disposal ensuring all related cashflows are captured.

	<p>Although not formally included in the calculation, there is also an opportunity cost to the general fund, estimated to be £27k per property, on the basis that additional utilisation of HRA Voids would avoid costly overnight accommodation costs. The opportunity cost represents the maximum extra cost of temporary / emergency accommodation (TA) if a property is sold rather than made available for temporary accommodation. For simplicity, this is treated as £27,000 per property, and it is based on the following assumptions:</p> <ul style="list-style-type: none"> • On average, about one-third of Void homes would normally help to move households out of TA. • The annual cost of TA per household is around £27,000 p/a • Dividing this across three Voids means each Void carries a £9,000 per year “share” of TA cost avoided. <p>We cautiously assume people typically spend 3 years in TA before being rehoused, so £9,000 x 3 years = £27,000 (Note: TA is a General Fund expense).</p>
21.	<p>Decision rules:</p> <ul style="list-style-type: none"> • If the NPV is positive for a 1-2 bed house, disposal is supported. • For 3-4 bed properties, disposal is only supported in cases where the cost of making them lettable exceeds £200k – we do not propose that such houses be included in the first 5 properties.
22.	<p><u>Worked Example 1: 2-bed Flat:</u></p> <p>Repair Cost = £60,000 Sale Receipt = £140,000 Annual Rent = £6,500 PV of Rent = 14.7 x £6,500 = £95,550 (TA Allowance = £27,000)</p> <p>Hence, NPV = 60,000 + 140,000 – 95,550 – 27,000 = +£77,450, or £104,450 in HRA terms (omitting the general fund cost of temporary accommodation)</p> <p>Decision: Dispose (positive NPV)</p> <p>The worked example above demonstrates that even where sale receipts are modest, disposal can still produce a far stronger outcome than repair.</p> <p>The NPV remains positive if rents are depreciated over 30 or even 40, years.</p>
23.	<p><u>Worked Example 2: 3-bed House:</u></p> <p>Repair Cost = £90,000 Sale Receipt = £120,000 Annual Rent = £10,500 PV of Rent = 14.7 x £10,500 = £154,350 (TA Allowance = £27,000)</p> <p>Hence, NPV = £90,000 + £120,000 – £154,350 – £27,000 = +£28,650 or +£55,650 in HRA terms omitting the general fund cost of temporary accommodation</p> <p>Decision: Retain (positive NPV, but repair cost below £200k threshold)</p>

	This worked example demonstrates that while disposal may initially appear viable, the strategic importance of larger family homes means a higher threshold applies.
24.	Both worked examples demonstrate that with balance, disposal generally delivers stronger outcomes, but family homes are retained unless the financial case is overwhelming.
25.	<p>Non-Financial checks:</p> <ul style="list-style-type: none"> • Consultation with the Housing Solutions Panel, which is the panel that looks at complex cases across the Council and implements housing solutions, must agree that there is no overriding reason to retain it. <p>This will all be subject to a legal review – title checks, restrictions etc.</p>
26.	In addition to the non-financial checks outlined above, and in line with the recommendation of the Housing Scrutiny Panel, an Equality & Safety Impact Assessment (ESIA) will be completed for each individual HRA asset proposed for disposal. This property specific assessment will ensure that all relevant equality, safety, and service-related factors are fully considered before a final decision is made.
27.	Completing an ESIA for each disposal strengthens transparency, supports compliance with the Public Sector Equality Duty, and provides assurance that the Council has properly assessed any potential impacts on residents, communities, and housing provision. Completing an ESIA for each disposal strengthens transparency, supports compliance with the Public Sector Equality Duty, and provides assurance that the Council has properly assessed any potential impacts on residents, communities, and housing provision.
28.	<p>Aside from asset sales, there are other steps being taken as part of the asset related workstream within the Housing Improvement Plan (Social Housing Futures), which comprises:</p> <ol style="list-style-type: none"> i. Reclassification and Re-surveying: Independent reviews to ensure non-decency classification aligns with sector norms, this has the potential to reduce the funding to be allocated to specific areas of work across the estate. For example, surveys to determine actual condition of roofs, brickwork and chimneys rather than rely on age-related data. ii. Selective re-prioritisation of Works: Redirecting a limited amount of investment from high-cost Category C properties to lower-cost Category A and B properties, generating greater long-term benefit per pound spent and more homes returned to a Decent Homes standard more expediently. iii. EPC Compliance Programme: Meeting 2030 energy efficiency requirements for rented homes, using a combination of grant funding and existing budget lines to address liabilities for EPC D and a portion of EPC E-rated properties. iv. Additional Income Generation: Rent reviews, income from returned Voids, and improved arrears recovery.

	Targeted Remediation: Planning is underway for more focused investment in regeneration programmes
29.	This report has undergone comprehensive review and consultation in accordance with Southampton City Council governance procedures. It has been formally reviewed and approved by the Directorate Management Team, Council Member Briefings, and the Housing Scrutiny Panel.
30.	<p>Strategic impact:</p> <p>Enabling targeted investment in Decent Neighbourhoods and compliance with the Regulator of Social Housing's consumer standards.</p> <p>Supporting the transformation of the housing service to become a high-performing landlord.</p> <p>Facilitating the development of new homes that meet modern standards and respond to local housing needs.</p>
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
31.	<p>Housing Revenue Account</p> <p>The Social Housing Regulator has asked the Council to set out a path to achieve 100% Decent Homes standard, and with the existing £75M gap between the cost of improving the HRA homes to a Decent Homes and the current funding availability, this is one of the key measures to meet that deficit.</p>
32.	The financial analysis shared with the Regulator of Social Housing confirms that the HRA cannot fund the required Decent Homes investment through income alone. A wider package of measures is therefore in place, including improved rent collection, reduced Void turnaround times, targeted repairs, and the selective disposal of C-grade assets. Together, these measures support the long-term viability of the HRA.
33.	According to current projections, Decent Homes compliance is projected to reach approximately 60% by the end of 2025/26 and 75% by the end of 2026/27. Progress is expected to slow after this period unless further investment is made, indicating a potential need for measures such as targeted asset disposals.
34.	Based on current market conditions and recent valuation data, the disposals programme has the potential to generate a meaningful level of capital receipts over time. While the exact value will depend on property type, condition, and market movements, even modest annual receipts would make a material contribution to addressing the Decent Homes investment gap.
35.	The financial case for disposal is compelling, retaining poor-quality stock requires large investment to achieve Decent Homes Standard, alongside the risk of further maintenance costs in the future. In contrast, disposal generates immediate capital receipts that can be used to invest in more suitable housing provision and reduces the long-term cost burden on the HRA.
36.	The disposal of HRA assets where the NPV appraisal test indicates a positive outcome will provide the Council with significant financial benefits, by selling properties that would otherwise require substantial investment to bring them up to the Decent

	Homes Standard. This not only avoids costs, but actively enables reinvestment in higher-quality stock, improving housing outcomes.
37.	By redirecting resources away from high-cost, low-performing assets, the Council can strengthen its overall financial sustainability and better meet housing demand. Policy-wise, this ensures that housing resources are used where they deliver the greatest impact, aligning with the Council's strategic commitment to provide safe, sustainable homes.
38.	Capital receipts generated through disposals will be reinvested within the HRA to support the delivery of better-quality, safer, and more sustainable homes. This will include the renewal of failing components, targeted acquisition of suitable properties, or the development of new homes, depending on future investment priorities and available opportunities.
39.	The process requires the financial impact on the 40-year HRA business plan to be modelled. However, at a high level it is estimated that the pilot sale of five properties will generate total capital receipts in the region of £375k to £500k. This will also avoid capital costs of repair, estimated to be between £300k and £500k across the five properties. The HRA business model currently assumes void costs at 2.7% of gross rental income, resulting in an estimated income loss of £28k. Associated management and repairs and maintenance costs amount to £18.5k. Over a 40-year period, this equates to a cumulative net revenue loss of approximately £400k.
40.	This approach provides a controlled and transparent framework for considering the future of certain void (empty) properties. Only individual houses will be reviewed, with each decision guided by robust financial and strategic assessment to secure best value and uphold the Council's wider commitment to sustainable, well-maintained housing.
41.	The proposed scope of asset disposal covers physical asset sales, i.e. identified Category C stock, to release capital and reduce the HRA repair liabilities. The scope also covers the sale of asset interest, i.e. disposal of partial or ancillary asset interests (e.g. long leasehold interests) to free up capital and reduce ongoing obligations.
<u>Property/Other</u>	
42.	The Council's housing portfolio is made up of over 70% multi-dwelling developments, and a large amount of the estate is made up of non-traditional properties. This presents unique management and investment challenges now and into the future.
43.	The Council faces a funding gap between projected Decent Homes costs and the current funding availability. This gap was identified through ARK Consultancy's scenario-based Decent Homes modelling tool, which assesses the cost effectiveness of targeted interventions.
44.	The tool categorises properties by cost bands to achieve decency: <ul style="list-style-type: none"> • Category A: <£30k per property • Category B: £30k - £75k per property • Category C: >£75k per property Category C assets are of particular concern because they present poor value for investment, given the high cost to make them decent, and are therefore a key focus for targeted disposal.
45.	This approach provides a controlled and transparent framework for considering the future of certain Void (empty) properties. Only individual houses or flats within small blocks of fewer than six units will be reviewed, with each decision guided by robust

	financial and strategic assessment to secure best value and uphold the Council's wider commitment to sustainable, well-maintained housing.
46.	The proposed scope of asset disposal covers physical asset sales, i.e. identified Category C stock, to release capital and reduce the HRA repair liabilities. The scope also covers the sale of asset interest, i.e. disposal of partial or ancillary asset interests (e.g. long leasehold interests) to free up capital and reduce ongoing obligations.
47.	The Council's housing portfolio is made up of over 70% multi-dwelling developments, and a large amount of the estate is made up of non-traditional properties. This presents unique management and investment challenges now and into the future.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
48.	The Council has a duty to discharge the Council's function in respect of the management, maintenance, improvement, and repair of assets in accordance with the Housing Act 1985
49.	Expenditure and income relating to property listed in section 74 of the Local Government and Housing Act 1989 must be accounted for in the Housing Revenue Account (HRA). This comprises mostly housing and other property provided by authorities under Part II of the Housing Act 1985. The Housing Revenue Account must remain a ring-fenced account within the General Fund
50.	The Council has a duty to carry out repairs to Council housing stock under the terms of its tenancy agreements with council tenants and under legislation including S9A and S131 Landlord and Tenant Act 1985 (fitness for habitation and repairing obligations). The secure tenants of local housing authorities (right to repair) Regulations 1994, Section 96 Housing Act 1985. Tenants, and others may be entitled to compensation if the Council's Housing stock is not kept in repair.
51.	Housing Act 1985 Part XVI. The Council must comply with the Homes England Home Standard statutory guidance which sets out standards for the quality of accommodation and the provision of cost-effective repairs to homes and communal areas.
52.	<p>The Council has the power to dispose of housing land pursuant to Section 32 of the Housing Act 1985 but requires the consent of the Secretary of State.</p> <p>a. The General Housing Consent 2013 sets out general consent given to all Local Authorities for disposal of housing land in certain circumstances. These include disposal of land for consideration equal to its market value. In certain circumstances the council can dispose of vacant land to non-registered providers at less than market value. In cases of occupied dwellings with secured Council tenants (not relevant in this case) the Council will need to apply for specific consent from the Secretary of State under Section 32 of the Housing Act 1985 prior to completion of the disposal.</p> <p>b. The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness- the best value duty.</p> <p>c. Under Section 3 of the Local Government Act 1972 the Council has the power to do anything incidental to the exercising of any of its functions.</p> <p>d. The general power of competence under section 1 of the Localism Act 2011 gives local authorities a broad range of powers "to do anything that individuals generally may do" subject to limits within other legislation.</p>

Other Legal Implications:

53. In exercising its duties, the Council must pay regard to its obligations pursuant to the Equality Act 2010 the Public Sector Equality Duty, as set out in s149 of this Act. An Equality and Safety Impact Assessment (Appendix 1) has been completed to inform the recommendations.

RISK MANAGEMENT IMPLICATIONS

54. The risks associated with disposal are significantly outweighed by the risks of retention. If the housing market weakens, sales receipts may reduce, but this can be managed through careful timing of disposals. In contrast, retaining properties carries the far greater risk of escalating repair costs, ongoing maintenance liabilities, and poor value for money.
55. Disposal does reduce the number of homes available for social rent, but this is mitigated by prioritising retention where there is clear strategic housing need. By disposing of selected poor-performing stock, the Council can reinvest in better-quality homes, thereby improving the overall quality of housing provision.
56. The social risk of selling properties is the reduction of the total number of homes available for social rent. This is addressed by applying a higher threshold for the disposal of larger family homes and by ensuring checks are made with Housing Solutions Panel before any disposal is progressed.
57. Public concern about selling Council housing is addressed by ensuring replacement properties are purchased. An ongoing asset acquisition programme, funded in part by Right to Buy proceeds, has added 50 council homes over the past year. The Affordable Homes Framework also helps provide affordable social accommodation through partnerships with Registered Providers.
58. There is a risk that changing housing market conditions could affect both the sale value and timing of HRA asset disposals, reducing anticipated receipts and delaying reinvestment into the Decent Homes Programme. This risk will be mitigated by phasing disposals to respond to market fluctuations, refreshing valuations regularly and seeking alternative more favourable means of disposal.
59. The risks associated with disposal are significantly outweighed by the risks of retention. If the housing market weakens, sales receipts may reduce, but this can be managed through careful timing of disposals. In contrast, retaining properties carries the far greater risk of escalating repair costs, ongoing maintenance liabilities, and poor value for money.

POLICY FRAMEWORK IMPLICATIONS

60. The proposed decision to rationalise Southampton City Council's housing stock is a critical enabler for delivering the Council's strategic ambitions as set out in its Corporate Plan 2025–2028, the Housing Strategy 2026–2031, and the Southampton 2035 City Plan. This decision is not solely an operational matter but a strategic intervention that underpins the Council's commitment to becoming a modern, financially sustainable organisation that delivers better outcomes for residents.
61. Alignment with the Corporate Plan 2025–2028:
62. The Corporate Plan outlines the Council's mission to build a more equal, healthier, safer, greener, and growing Southampton, with a strong emphasis on transforming services and improving efficiency. The rationalisation of housing stock directly supports several key priorities:

	<ul style="list-style-type: none"> • A More Equal Southampton: By focusing investment on high-quality, energy-efficient homes in areas of greatest need, the Council can better address housing inequality and improve outcomes for vulnerable residents. • A Healthier Southampton: Rationalisation enables the Council to replace or upgrade substandard housing, thereby improving living conditions, reducing fuel poverty, and supporting better physical and mental health outcomes. • A Greener Southampton: The disposal or redevelopment of inefficient housing stock contributes to the Council’s net-zero ambitions by enabling the construction of low-carbon homes and reducing the environmental impact of outdated buildings. • A Growing Southampton: Rationalisation frees up land and resources for regeneration, supporting the delivery of new homes, infrastructure, and economic growth. • A Modern, Financially Sustainable Council: The Corporate Plan commits to reviewing the Council’s property assets to ensure they deliver value for money and public benefit. Rationalisation is a key mechanism to reduce long-term maintenance liabilities, generate capital receipts, and enable reinvestment in priority areas.
63.	<p>Support for the Housing Strategy 2026–2031:</p> <p>The Housing Strategy sets out a vision for delivering safe, sustainable, and affordable homes. Rationalisation is essential to achieving this by:</p> <ul style="list-style-type: none"> • Enabling targeted investment in Decent Neighbourhoods and compliance with the Regulator of Social Housing’s consumer standards. • Supporting the transformation of the housing service to become a high-performing landlord. • Facilitating the development of new homes that meet modern standards and respond to local housing needs. <p>An asset management strategy, proposed for consultation in March 2026, will include reference to any decision made under this paper.</p> <p>Contribution to the Southampton 2035 City Plan:</p> <p>The Southampton 2035 City Plan articulates five citywide missions, all of which are supported by the proposed rationalisation:</p> <ul style="list-style-type: none"> • A More Equal Southampton: Targeting investment in communities with the greatest housing need helps reduce disparities in living standards. • A Healthier Southampton: Improved housing conditions are a key determinant of health and wellbeing. • A Greener Southampton: Rationalisation supports the transition to a net-zero city by 2035 through energy-efficient housing and sustainable development. • A Growing Southampton: Unlocking land for regeneration and housing development contributes to economic growth and job creation. • A Safer Southampton: Investment in better-designed homes and neighbourhoods can reduce anti-social behaviour and improve community safety.
64.	<p>The rationalisation of the Council’s housing stock is a strategic decision that aligns with and advances the Council’s core policy framework. It is a necessary step to</p>

	ensure that the Council can deliver on its promises to residents, meet its statutory obligations, and build a more sustainable, inclusive, and prosperous Southampton.
65.	The proposal is consistent with Council's policy framework, and it is also consistent with the Ministry of Housing, Communities & Local Government (MHCLG) Social Housing Regulator's 'Homes Standard' and the Social Housing Charter.

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All Wards
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Equality and Safety Impact Assessment

Documents In Members' Rooms

1.	None.
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EQUALITY AND SAFETY IMPACT ASSESSMENT

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	Yes
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DATA PROTECTION IMPACT ASSESSMENT

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	
2.	