

REPORT TITLE: VENTA LIVING - BUSINESS PLAN 26/27

CABINET COMMITTEE: HOUSING - 2 FEBRUARY 2026

CABINET - 12 FEBRUARY 2026

REPORT OF CABINET MEMBER: Councillor Mark Reach, Cabinet member for New Homes

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WARD(S): ALL

PURPOSE:

Providing Homes for all is a key priority within the Council Plan, which includes supporting households who struggle to access affordable longer-term market housing. To support this priority the council has established a wholly owned local housing company, Venta Living Ltd.

This report brings forward a financial business plan for consideration required under the shareholder agreement with Venta Living Ltd, with an illustrative business model based on leasing 41 flats in Winnall.

Although there is no proposal to expand the remit of the company in 2026/27, the business case allows for future opportunities to be considered on a case-by-case basis and fulfils the council's policy objectives to provide homes for all.

Approval of the updated financial business plan will allow Venta Living Ltd to continue trading in 2026/27 based on the recommended business plan.

RECOMMENDATIONS:To Cabinet Committee: Housing

1. To review the updated financial business plan, at Appendix A in the exempt part of the agenda and recommend its approval to Cabinet, including:
 - a) The proposal to increase rent by 5.26%, to £1,100 per month
 - b) The proposed move to a dynamic renting model following the implementation of the renters rights Bill in May 2026, allowing for prevailing market rents to apply to individual units at the point of relet.
 - c) To note that operating costs have been reviewed and updated in the business plan model.

To Cabinet:

2. To approve the updated financial business plan as recommended by Cabinet Committee: Housing
3. To approve the proposed rent increase for 2026/27 of 5.26% to £1100 per month
4. To approve the move to a dynamic renting model following the implementation of the renters rights Bill in May 2026, allowing for prevailing market rents to apply to individual units at the point of relet.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

1.1 Greener Faster

1.2 The Winnall flats were designed to be highly sustainable. Their convenient location within the city supports the Council Plan objectives to promote walking, cycling and use of public transport.

1.3 Thriving Places

2 The flats at Foxglove House enables working households to live and work in the district.

2.1 Healthy Communities

The properties at Foxglove house were designed to be energy efficient and to ensure needs of residents are met. Tenant satisfaction measures are in place and regularly monitored.

2.2 Good Homes for All

The flats at Foxglove House meets local needs by providing a wider range of tenures that cannot be provided through the HRA.

2.3 Efficient and Effective

The Company has spent significant time in bedding processes down in 2025/26, ensuring that tenants needs are met and monitored, and ensuring that vacant units are relet with minimum delay.

2.4 Listening and Learning

Proposed rent increases will be communicated to tenants in line with the requirements in the tenancy agreements. The implementation of the renters rights bill will increase the notice period for rent increases and provide greater opportunity for private sector tenants to challenge the rent setting process.

3 FINANCIAL IMPLICATIONS

3.1 The latest iteration of the company leasing model is presented in the business case. The financial impact of this is shown in the exempt Appendix A within this report.

3.2 The leasing model, which was originally agreed in July 2023 (CAB3406H refers), is based on the company managing the properties and lettings, with the council retaining responsibility for the building, its maintenance and fixtures and fittings. Venta Living Ltd let the properties and collect the rent, deduct from this a proportion of the gross rent receivable, sufficient to cover

its costs of management and overheads, and passing the net rent receivable after these deductions to the council as a lease payment.

- 3.3 The reasoning behind setting the deductible amount as a percentage of the gross rent receivable is that it will provide more certainty to Venta Living Ltd about the amount it will receive to fund its operations each year. This allows the company's costs to increase with rental growth but provides comfort to the council that these costs are controlled. The deductible amount that was originally agreed in the lease, and reflected in the business plan, is 17.41%.
- 3.4 The table in the financial summaries within the business plan appended to this report shows the summarised estimated financial position of Venta Living Ltd over the 30 years of its business plan. This shows that as the lease payment is essentially the net cash flow after deducting operating expenses that the model essentially does not make any material profit or loss for the company.
- 3.5 The retained loss brought forward from 2024/25 was £34,000, which partially offsets a forecast surplus of £9k in 2025/26. The projected cumulative retained profit for the company over the 30 years of the lease is £5,000, which is essentially the interest earned on bank balances and an amount set aside for the allowance for doubtful debts after allowing for the loss incurred in 2024/25. The projected profit will be subject to corporation tax.
- 3.6 Within the current business model, the HRA holds the risk of rent loss through voids, with the company retaining responsibility for income collection and bad debts.
- 3.7 The key operational risks to the business plan relate to the implementation of the renters rights bill. This is likely to potentially impact on both income and costs. Where income is impacted, the lease mechanism means that the HRA will pick up most of the risk, however, any cost risk is borne by the company.
- 3.8 Risks to income include:
- Rent in advance will no longer be requested in advance of the tenancy being signed, and a landlord will no longer be able to require a tenant to pay more than a month rent in advance
 - Rent increases will be subject to a section 13 notice requiring a minimum of 2 months notice in future, with increases applied 12 months after the start of the tenancy. A process needs to be considered to ensure annual rent levels are demonstrably in line with market levels and evidenced as such.
 - Tenants will have the right to appeal rents, and therefore positive engagement with tenants and robust evidencing of proposed increases will be required. Successful challenges will lead to potential rent losses for the period of appeal.

- Landlords will not be able to discriminate against prospective tenants on the basis of children living at the property, or where the prospective tenant is or might be in receipt of benefits. Venta will need to review affordability criteria to ensure compliance.
- Grounds for possession for severe rent arrears: the period of arrears has increased from two to three months, and notice period from two to four weeks before court action can commence. This presents a greater risk to income.

Cost risks identified so far includes:

- A requirement for landlords to list properties on the PRS database. There will be an associated annual cost from 2027, however detail is yet available.
 - A requirement for landlords to be members of the PRS Ombudsman. There is likely to be an annual cost for this from 2027, however the ombudsman scheme is not yet in place and further details are not yet known.
- 3.9 These potential costs and income risks have not been built into the business plan. To an extent, the percentage applied to the deductible amount in the lease means that the HRA will bear the majority of income risk. It is not yet clear how costs will be impacted, however, should there be a permanent change to operating costs, the deductible amount will need to be reviewed and amended.
- 3.10 In order to mitigate income risk, the business plan proposes a move to a more dynamic rent model, allowing for rent increases on the anniversary of the tenancy and applying prevailing market rents at the relevant date of increase, rather than the traditional annual increase in April. The proposed approach is outlined in the business plan.
- 3.11 The Venta Living Ltd business plan is presented in UK GAAP (Generally Accepted Accounting Practice) format, which represents the basis that the Company will publish its financial reporting.
- 3.12 The Company's accounts are not considered to be material enough to warrant the production of consolidated accounts, however an IFRS compliant version of the plan is produced separately to facilitate incorporation in the future.
- 3.13 There is no proposal within the business plan to change the agreed business model or leasing arrangements.
- 3.14 The current leasing structure model works for the rental of the Winnall block of 41 units however, the combined impact of the Subsidy Control Act and the risk upon the councils 5% VAT partial exemption limit mean that the company's ability to replicate future growth through the use of this leasing arrangement is materially and permanently constrained.

4 LEGAL AND PROCUREMENT IMPLICATIONS

4.1 None

5 WORKFORCE IMPLICATIONS

5.1 None

6 PROPERTY AND ASSET IMPLICATIONS

6.1 None

7 CONSULTATION AND COMMUNICATION

7.1 The proposed rent increase is being communicated to tenants in January 2025, and formal notice will be given allowing one month notice in line with the tenancy agreements. Under the Renters Rights bill and with effect from May 2026, a two month notice period will be required.

8 ENVIRONMENTAL CONSIDERATIONS

8.1 Properties leased to Venta Living Ltd are energy efficient, have lower carbon emissions and are resilient to climate change, in particular, overheating, flood risk and extreme weather events.

9 PUBLIC SECTOR EQUALITY DUTY

9.1 The proposals in this report are consistent with the current Housing Strategy, which was subject to an Equality Impact Assessment. The proposals maintain the housing offer to the community and compliment the council's current offer which includes social and affordable rented housing and shared ownership homes. This supports the Homes for All priority.

9.2 Ongoing marketing of any remaining units at Winnall, or advertising in respect of reletting, will need to ensure that relevant information is accessible to all potential applicants, and in particular that no-one is disadvantaged on the basis of either race or disability.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 None required

11 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<p>Financial Exposure</p> <ol style="list-style-type: none"> 1) That Venta Living Ltd becomes non-viable, with risk to the company as a going concern 2) Risk to the Council as sole shareholder of financial intervention in the event that Venta Living Ltd runs into financial difficulty 3) VAT – risk that the council’s partial exemption threshold will be breached by excessive repairs & maintenance spend on the properties leased to Venta Living Ltd 4) Running costs significantly exceed budget 5) Rents received are significantly lower if vacant units cannot be relet. 	<p>Suitably qualified non-executive directors have been engaged and Board meetings take place regularly.</p> <p>Financial performance is reviewed as part of the Board meeting agendas to identify and mitigate any potential cost pressures.</p> <p>The business plan makes sufficient provision for marketing and advertising of empty flats for relet and includes an assumed level of void turnover.</p>	
<p>Exposure to challenge Legislative changes: The implementation of the renters rights bill will allow greater scrutiny of the landlord, and greater ability to challenge decisions including rent increases</p>	<p>That future rent increases are fair and proportionate, and can be evidenced using appropriate market data.</p>	
<p>Innovation Expansion of the wholly owned subsidiary company by the council.</p>	<p>The council’s role as sole shareholder will ensure control over the company.</p>	<p>The current approach enables homes to be offered to a vehicle that has freedom to deliver to a broader market than the</p>

	Potential opportunities to be subject to due diligence processes, including external legal advice, intelligence gathering and discussions with local authorities and other registered providers	council can through its current housing stock.
Reputation Tenant satisfaction	The Board receive regular updates on tenant satisfaction measures and are empowered to take relevant decisions.	
Local Government Reorganisation The impact on the Company of LGR is not yet known. The governance structure of a new authority may change the scope of the company in future.	The Board receive regular updates on the progress of Local Government reorganisation	

12 SUPPORTING INFORMATION:

- 12.1 The background to the creation of the Housing company is covered in previous committee reports including CAB3366, CAB3401, CAB3406(H) and CAB3482(H).
- 12.2 Venta Living Ltd was established in May 2023 and has been actively trading since June 2024. Full occupation was achieved in early 2025. The company has seen turnover of 8 units as at December 2025, which is largely due to the changing circumstances of the tenants (for example, changing jobs, relocation) rather than a reflection of the flats themselves, and relets have generally been achieved within 6 weeks of vacation.
- 12.3 The Board of Directors of Venta have considered and agreed the submission of the business plan at its meeting of 3rd December 2025.
- 12.4 The key outputs of the business plan for 2026/27 are detailed in the exempt appendix but includes:
- 1) A proposed rent increase from £1,045 to £1,100 per month, equivalent to 5.26%

- 2) There are no proposals to change the services to be provided to the Company by Winchester City Council. However, the true cost of providing services to the company have been reassessed using timesheet data, and the proposed charges increased accordingly.
 - 3) Should the company require any specific one-off advice to support the implementation of the Renters Rights bill, or undertake one-off viability work on potential opportunities, associated costs will be managed within the deductible amount where possible, or otherwise recovered through future rent increases.
 - 4) That the company is willing to work with the Council to identify any potential opportunities.
 - 5) To extend the management services provided by Winchester City Council, which is currently due to expire in July 2026, for 12 months.
- 12.5 There are currently no concrete proposals to expand the remit of the company, with the current primary focus being on consolidation of the company during 2025/26, and the implementation of renters rights bill in 2026/27. However, the business plan proposes to look at potential business cases, and where additional cost may be incurred this will be drawn from the shareholder fund.
- 12.6 However, if any opportunities were to arise, then the Directors are willing to engage with the shareholders to assess viability prior to the development of a business case.

13 OTHER OPTIONS CONSIDERED AND REJECTED

13.1 No other options were considered.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

- CAB3482(H) Venta Living Ltd – Business Plan 2025/26
- CAB3406(H): Establishing a Local Authority Housing Company; Cabinet Committee (Housing), 10 July 2023 and Council 20 September 2023
- CAB3401: Establishing a Local Housing Company Cabinet, 16 March 2023
- CAB3366: Housing Company – Revised Options and Business Case Cabinet, 14 December 2022
- BHP022: New Homes Programme Update Business and Housing Policy Committee, 21 September 2021

- Presentation: Housing Development Strategy Business & Housing Policy Committee 1 December 2020
- CAB3160: Establishing the Winchester Housing Company Cabinet, 18 September 2019, and Council 25 September 2019
- Presentation: Housing Company Business and Housing Policy Committee 18 June 2019 CAB3139(HSG): Establishing the Winchester Housing Company Cabinet (Housing) Committee 20 March 2019 and Cabinet 25 March 2019
- CAB2990(HSG): Establishing Local Housing Companies to Support New Homes Development Cabinet (Housing) Committee 22 November 2017 and Cabinet 6 December 2017
- CAB2911(HSG) – Establishing Local Housing Companies to Support New Homes Development Cabinet (Housing) Committee 22 March 2017
- CAB2616(HSG): Options for Increasing the Supply of Affordable Housing Cabinet (Housing) Committee 1 October 2014

Other Background Documents:-

None

APPENDICES:

EXEMPT Appendix A – Venta Business Plan 2025/26