

Committee Name and Date of Committee Meeting

Council – 13 January 2021

Report Title

Recommendation from Cabinet – HRA Business Plan 2021-22

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Anne Marie Lubanski, Strategic Director of Adult Care, Housing and Public Health

Report Author(s)

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Ward(s) Affected

Borough-Wide – all wards

Report Summary

The Housing Revenue Account (HRA) records all expenditure and income relating to the provision of council housing and related services, and the Council is required to produce an HRA Business Plan setting out its investment priorities over a 30-year period.

Following the introduction in 2012 of HRA self-financing, the Council was awarded control over its HRA in return for taking on a proportion of national housing debt.

Since the last update there have been no significant Government policy changes that affect the business plan. That said there have been some significant changes to CPI (Consumer Prices Index) as a consequence of the COVID Pandemic, which is 1.5% lower than predicted when the plan was last reviewed.

The Business Plan recognises the importance of continuing investment in new affordable homes, focuses on the next five years and will continue to be amended and reported annually. Given the economic uncertainty the overall position remains challenging, but given the level of reserves and the previous decision to defer some investment in stock until later in the plan the ability to divert resources to fund housing growth and contribute to the Year Ahead Plan remains.

Over the short to medium term forecast, the Business Plan operating account is at or around the minimum balance; however, over the longer term there is a significant squeeze on resources due to inflationary pressures. The key risks in the Business Plan are increased Right to Buy sales above those planned for, interest rate rises

above those planned and inflation. These risks are monitored continuously and mitigated by the Housing Service with support from financial services.

This report provides a detailed technical overview of the current position and the reason for changes to the Business Plan. This report is to be considered alongside the proposed 2021-22 rents, service charges and budgets.

Recommendations

That Council:-

1. Approve the proposed 2021-22 Base Case Option 1 for the HRA Business Plan.
2. Approve the reprofiling of housing growth budgets to ensure resources are available at the right time to deliver on the annual housing development programme commitments as set out within paragraph 1.6 of the report.
3. Review the plan annually to provide an updated financial position.

List of Appendices Included

Appendix 1 HRA Operating Statement

Appendix 2 Summary of Modelled Business Plan Scenarios

Appendix 3 Equalities Assessment

Background Papers

HRA Business Plan 2020-21

DCLG Guidance on Rents for Social Housing

Annual Housing Development Report to Cabinet, 21st September 2020

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Overview and Scrutiny Management Board – 16 December 2020

Cabinet – 21 December 2020

Council Approval Required

Yes

Exempt from the Press and Public

No