

## CABINET

<b>Date of Meeting</b>	Tuesday, 19 <sup>th</sup> November 2019
<b>Report Subject</b>	Housing Revenue Account (HRA) Capital Programme 2020/21
<b>Cabinet Member</b>	Cabinet Member for Housing Cabinet Member for Finance
<b>Report Author</b>	Chief Officer (Housing & Assets)
<b>Type of Report</b>	Strategic

### EXECUTIVE SUMMARY

The purpose of this report is to present for approval the draft Housing Revenue Account (HRA) Capital programme for 2020/21.

### RECOMMENDATIONS

1	Approve and recommend to Council the HRA Capital programme for 2020/2021. This may be subject to change dependent on the outcome of the rent policy which will become available in December 2019.
2	Approve the HRA Capital programme for 2020/21 as set out in Appendix A.

### REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME 2020/21</b>						
<b>1.01</b>	<p><b>Considerations</b></p> <p>The HRA Capital programme invests resources into the HRA Assets. The proposed programme is aligned to the HRA Business plan and the overall Council plan.</p> <p>The strategic context for this year's HRA Capital programme includes the following:</p> <ul style="list-style-type: none"> <li>• The Capital programme is dependent on the overall funding available within the HRA. The final decision on the rent setting policy will not be communicated until later on in the year and therefore the final programme is subject to change.</li> <li>• The proposals detailed in this report are based on the funding levels agreed in the Business Plan for 2019/20.</li> <li>• Achieving (Welsh Housing Quality Standard) WHQS by 2020 and providing adequate ongoing capital to maintain WHQS levels.</li> <li>• Delivery of new build Council housing.</li> </ul>						
<b>1.02</b>	<p><b>Prudential Borrowing</b></p> <p>On the 29<sup>th</sup> October 2018, the Welsh Government Minister for Housing &amp; Regeneration wrote to all Local Housing Authorities to confirm that the decision to lift the cap on local authority HRA borrowing will now also apply in Wales.</p> <p>Work is currently underway through legal colleagues to terminate the Voluntary Agreements under which each authority exited the former Housing Revenue Account Subsidy scheme. The draft business plan proposals do not breach the existing debt cap during 2019/20.</p>						
<b>1.03</b>	<p><b>Current Borrowing</b></p> <p>The WHQS programme and Asset investment can be funded without the need to borrow. However SHARP will need to borrow as Capital receipts have been utilised in previous years.</p> <p>The current prudential borrowing assumptions for <b>2020/21</b> are:-</p> <table border="1"> <tr> <td><b>Purpose</b></td><td><b>£m</b></td></tr> <tr> <td>New Builds</td><td>9.994</td></tr> <tr> <td><b>Total</b></td><td><b>9.994</b></td></tr> </table> <p>Prudential borrowing interest rates have been included in the business plan at 4.3% per annum. The HRA currently benefits from any non-recurring savings generated by the single debt pool arrangement it holds with the Council Fund.</p>	<b>Purpose</b>	<b>£m</b>	New Builds	9.994	<b>Total</b>	<b>9.994</b>
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1.04	<p><b>Capital Programme</b></p> <p>The 2020/21 Capital programme is being brought forward for approval in line with the Council Fund Capital programme.</p> <p>£19.293m has been built into the WHQS and Asset investment programme for 2020/21. This includes provision for internal work streams, external enveloping works, environmental programmes, fire risks and Disability Discrimination Act (DDA) works, asbestos, off gas, energy efficiency works and strategic acquisition. Cabinet has approved the asset investment plan to achieve the WHQS by 2020 and the budget set will ensure that the council is still on track to meet its commitment to achieve the standard. The budget is broken down as follows:</p> <table border="1"> <thead> <tr> <th><b>Asset Investment Budget Breakdown</b></th><th><b>£m</b></th></tr> </thead> <tbody> <tr> <td>WHQS</td><td>17.914</td></tr> <tr> <td>DFG's</td><td>1.104</td></tr> <tr> <td>Energy Efficiency</td><td>0.275</td></tr> <tr> <td><b>Total</b></td><td><b>19.293</b></td></tr> </tbody> </table> <p>In addition, £11.171m has been budgeted in 2020/21 for Council housing Batches 3 &amp; 4 building schemes, which will increase the housing stock by 177 properties:</p> <table border="1"> <thead> <tr> <th><b>Asset Investment Budget Breakdown</b></th><th><b>£m</b></th></tr> </thead> <tbody> <tr> <td>Batch 3</td><td>0.524</td></tr> <tr> <td>Batch 4</td><td>10.647</td></tr> <tr> <td><b>Total</b></td><td><b>11.171</b></td></tr> </tbody> </table>	<b>Asset Investment Budget Breakdown</b>	<b>£m</b>	WHQS	17.914	DFG's	1.104	Energy Efficiency	0.275	<b>Total</b>	<b>19.293</b>	<b>Asset Investment Budget Breakdown</b>	<b>£m</b>	Batch 3	0.524	Batch 4	10.647	<b>Total</b>	<b>11.171</b>
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1.05	<p><b>Funding</b></p> <p>The £30.464m capital programme will be funded by:-</p> <table border="1"> <thead> <tr> <th><b>WHQS &amp; Asset Investment Funding</b></th><th><b>£m</b></th></tr> </thead> <tbody> <tr> <td>Revenue Contribution (CERA)</td><td>13.953</td></tr> <tr> <td>Major Repairs Allowance</td><td>5.065</td></tr> <tr> <td>Energy Efficiency</td><td>0.275</td></tr> <tr> <td><b>Total</b></td><td><b>19.293</b></td></tr> </tbody> </table> <table border="1"> <thead> <tr> <th><b>New Build Funding</b></th><th><b>£m</b></th></tr> </thead> <tbody> <tr> <td>Prudential Borrowing</td><td>9.944</td></tr> <tr> <td>Capital Receipts</td><td>1.227</td></tr> <tr> <td><b>Total</b></td><td><b>11.171</b></td></tr> </tbody> </table>	<b>WHQS &amp; Asset Investment Funding</b>	<b>£m</b>	Revenue Contribution (CERA)	13.953	Major Repairs Allowance	5.065	Energy Efficiency	0.275	<b>Total</b>	<b>19.293</b>	<b>New Build Funding</b>	<b>£m</b>	Prudential Borrowing	9.944	Capital Receipts	1.227	<b>Total</b>	<b>11.171</b>
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<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	The HRA is a ring fenced budget. This HRA budget and Business Plan demonstrates that the council can achieve the WHQS by 2020, can meet service improvement plans and commitments and with prudential

	borrowing can continue its Council house building programme in 2020.
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3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT													
3.01	All households will benefit from the Councils WHQS programme. The impact of the investment planning and efficiencies is being modelled for various customer groups to ensure that there is no disproportionate impact on any groups with protected characteristics.													
3.02	The Business Plan assumes a confirmation of Major Repairs Allowance (MRA) for 2020/21 and beyond, however, Welsh Government have indicated that the purpose of the funding will be reviewed in the future.													
3.03	The potential impact of BREXIT on interest rates and inflation has been mitigated by increasing the estimated assumptions included in the business plan.													
3.04	<b>Ways of Working (Sustainable Development) Principles Impact</b> <table><tr><td>Long-term</td><td>Positive - The Capital programme aims to achieve WHQS for all homes and all statutory requirements are met. There is also a commitment to build additional Social housing in the right location to meet housing needs.</td></tr><tr><td>Prevention</td><td>Preventing – Ensure tenants homes have met WHQS and ensure that tenant’s needs are met to enable them to remain independent.</td></tr><tr><td>Integration</td><td>Positive - Achieving WHQS for all existing council houses and delivering new social housing will contribute to the integration within communities.</td></tr><tr><td>Collaboration</td><td>Positive - To deliver in partnership with stakeholders to support positive impacts for all our tenants.</td></tr><tr><td>Involvement</td><td>Positive - Communication with tenants, Members and other stakeholders.</td></tr></table> <b>Well-being Goals Impact</b> <table><tr><td>Prosperous Wales</td><td>Positive – Existing social homes are WHQS compliant and meet the changing housing needs. Also Providing good quality new social homes.</td></tr></table>		Long-term	Positive - The Capital programme aims to achieve WHQS for all homes and all statutory requirements are met. There is also a commitment to build additional Social housing in the right location to meet housing needs.	Prevention	Preventing – Ensure tenants homes have met WHQS and ensure that tenant’s needs are met to enable them to remain independent.	Integration	Positive - Achieving WHQS for all existing council houses and delivering new social housing will contribute to the integration within communities.	Collaboration	Positive - To deliver in partnership with stakeholders to support positive impacts for all our tenants.	Involvement	Positive - Communication with tenants, Members and other stakeholders.	Prosperous Wales	Positive – Existing social homes are WHQS compliant and meet the changing housing needs. Also Providing good quality new social homes.
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	Resilient Wales	Positive – Developing low / zero carbon homes through modern methods of construction and technologies. Ensure that all statutory requirements are adhered to.
	Healthier Wales	Positive – Ensuring all existing homes and new homes are fit for purpose and meet the needs of all people and are energy efficient.
	More equal Wales	Positive - Provide good quality homes for the most vulnerable people in society.
	Cohesive Wales	Positive – Contributing to attractive, viable and safe communities
	Vibrant Wales	Positive – Ensuring all communities housing needs are supported.
	Globally responsible Wales	Positive – The capital programme will contribute to the improvement of economic, social, environmental and cultural wellbeing of Wales.
<p>The HRA Capital programme contributes towards meeting the Council's Wellbeing objective 'caring council' through:</p> <p>Ensuring all housing stock have met WHQS, are adapted where necessary, and are energy efficient, in order to ensure tenants remain independent and all statutory requirements are met to ensure the safety of tenants.</p> <p>To build new social homes to meet the demands of the community.</p>		

<b>4.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
4.01	Detailed consultation has been undertaken with tenants and elected members to inform the preparation of the WHQS investment programme.
4.02	Full local consultation is carried out for each new build scheme.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix A – HRA Capital Programme 2020/21.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
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6.01	None.

<b>7.00</b>	<b>CONTACT OFFICER DETAILS</b>
7.01	<b>Contact Officer:</b> Neal Cockerton, Chief Officer (Housing & Assets) <b>Telephone:</b> 01352 702500 <b>E-mail:</b> <a href="mailto:neal.cockerton@flintshire.gov.uk">neal.cockerton@flintshire.gov.uk</a>

<b>8.00</b>	<b>GLOSSARY OF TERMS</b>
8.01	<p><b>Financial Year:</b> the period of 12 months commencing on 1 April 2020</p> <p><b>Capital expenditure:</b> money spent by the organisation on acquiring or maintaining fixed assets, such as land, buildings, and equipment.</p> <p><b>Budget:</b> a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p><b>Treasury Management:</b> the Council has adopted the Chartered Institute of Public Finance Accountants (CIPFA) Treasury Management in the Public Services: Code of Practice. Treasury Management is conducted in accordance with the Council's Treasury Management Policy and Strategy Statement and Treasury Management Practices which are both reviewed annually. All borrowing and long term financing is made in accordance with CIPFA's Prudential Code.</p> <p><b>Major Repairs Allowance:</b> Welsh Government grant paid to local authorities in Wales who still manage and maintain their council housing.</p>