

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**CABINET EXECUTIVE**

**March 8th, 2022**

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Portfolio Holder for Adult Social Care, Welsh  
Language, Housing and Climate Change**

**REPORT TITLE: Housing Revenue Account (HRA) Thirty Year  
Financial Business Plan Starting 2022-2023.**

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**REPORT FOR: Decision**

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**1. Purpose**

- 1.1 The purpose of this report is to present for approval the Housing Revenue Account (HRA) Thirty Year Financial Business Plan Starting 2022-2023 as set out in the HRA Business Plan Narrative (attached to this report as Appendix A).

**2. Background**

- 2.1 All councils in Wales in their role as the Strategic Housing Authority have the responsibility to plan for the housing needs of their population. Powys is one of the eleven stock retaining local authorities in Wales, providing 5,433 affordable, secure homes across the county, as well as an ongoing programme to develop a further 250 new homes, scheduled for completion by the end of 2025, with plans to expand that programme further in future years.
- 2.2 Landlord councils in Wales are required to present an “acceptable” HRA Business Plan, including a thirty-year financial model, to the Welsh Government each year. The Plan must conform to a structure and Business Plan parameters set out by the Welsh Government. This is to allow the Welsh Government to assess the progress of local authorities in maintaining the Welsh Housing Quality Standard (WHQS) to be eligible for the annual Major Repairs Allowance (MRA) Grant (for Powys £3,732,000 in 2022-2023). Powys achieved WHQS compliance in December 2018.
- 2.3 The HRA borrows to fund capital works such as the new build and improvement programmes. The level of borrowing is closely monitored as this is related to annual capital financing costs. The Council is required by regulation to have regard to the Prudential Code when carrying out its duties under Part 1 of the Local Government Act 2003. Any borrowing undertaken for the HRA Business Plan is ‘unsupported’, in so much as there is no financial support from the Welsh Government for the cost of such borrowing. Schemes, such as development of new homes, may however benefit from grants to help cover cost of such projects.
- 2.4 This means that the Council is able to borrow additional resources without statutory limit to fund investment in both existing and new homes, as long as

the income generated by the HRA from rents and other charges is able to cover the cost of servicing and repaying the debt.

- 2.5 On February 8<sup>th</sup>, 2022, Cabinet approved an increase in rents and other charges levied by the HRA in line with the Welsh Government's policy for social housing rents, which calculates rent levels using a number of factors including economic and housing market data.
- 2.6 The impact of changes to the social security system has been taken into account in developing the Business Plan. Financial modelling has been carried out to account significant risks of increasing rent arrears and the additional resources needed to make sure that rent due to the Council is paid promptly.
- 2.7 The HRA Thirty Year Business Plan starting 2022-23 for Powys:
  - Makes sure the HRA treasury management strategy is prudent and complies with the Council's approach to borrowing.
  - Sets a balanced budget with minimum reserve of £1,000,000 (or 3% of expenditure).
  - Allows the Council to maintain WHQS for current homes.
  - Supports the development of at least 250 new homes by 2025.
  - Balances the need to keep rents affordable with making sure that homes are maintained and kept in good condition.
  - Maximises revenue and expenditure efficiencies.
  - Complies with the Prudential Code

### **3. Advice**

- 3.1 To make sure that the Council continues to make efficient use of its housing assets and operates a sustainable landlord service, the HRA Business Plan, as proposed for approval, has been informed by a long-term approach to important investment programmes.
- 3.2 Detailed proposals are set out in the HRA Business Plan narrative, attached as Appendix A to this report, for the five-year period starting in 2022-2023. This allows for a strategic approach to be taken to investment decisions and planning and allows for more informed consultation and communication with residents and tenants. A summary of the current proposals, for the five years beginning 2022-2023, is presented below. The figures for 2022-2023 will form the basis of the budgets for that particular year.
- 3.3 New Homes for Powys (Capital Programme)
  - 3.3.1 There were 4,053 (December 2021) people registered with Homes in Powys for affordable, rented homes. A new build housing programme is underway which will deliver at least 250 new council homes by 2025. Further schemes are being developed to expand this programme. Provision has been made in the HRA Business Plan to fund a potential increase to 529 homes both newly built (509) and acquired (20) (subject to land and development opportunities and any planning, regulatory and environmental consents being secured) by 2026. Developing homes available for let at social rents or sale at below market prices is not usually possible without direct grant support from the Welsh Government. This is to offset such expenditure as land acquisition and construction costs, which reflect open-market property values and rents. Such

grant support is not available to fund core HRA borrowing. At a time of rising land and construction costs, the scale and pace of continued development of homes available for accommodation at sub-market rates will depend upon the availability of grant from the Welsh Government. If grant falls and land and construction costs continue to increase, the Council will need to consider alternative financial models which subsidise the continued development of new homes by the HRA.

Table 3.3.1: New Homes for Powys Financial Summary 2022-23 to 2026-2027

Financial Year	HRA Business Plan Investment <sup>1</sup> (Acquisitions)	Number of New Homes Completed (+ acquisitions)	Notes
2022-2023	£10,321,729 (£800,000)	118 (4)	Investment planned for each year will cover completing earlier schemes, progressing current developments and preparing for future projects. Completions will be dependent upon securing all necessary planning, environmental and other regulatory consents, securing viable development sites and where needed Social Housing Grant.
2023-2024	£20,980,093 (£800,000)	33 (4)	
2024-2025	£23,563,151 (£800,000)	134 (4)	
2025-2026	£15,695,771 (£800,000)	154 (4)	
2026-2027	£12,955,518 (£800,000)	70 (4)	
<b>Total</b>	<b>£83,516,262 (£4,000,000)</b>	<b>509 (20)</b>	

### 3.4 WHQS (Capital Programme)

3.4.1 This programme is designed to make sure the Council's homes continue to meet the WHQS. The programme has been structured to smooth the peaks and troughs of funding and investment needs, with the focus on those components where replacement is most needed. Lower level of new resources will be needed between 2023-2024 and 2027-2028 because the focus is now on maintaining rather than reaching the WHQS – the benefits of past investment will reduce the need for future expenditure. However, the age of the Council's housing is reflected in the need to invest in re-roofing works to reduce damp and increase thermal comfort. Many roofs are those originally installed when the properties were built. Investment in estates, including boundaries and fences, is considered to be an important part of the next phase of WHQS, which is to focus on the external environment of homes. Some of the investment activity within the WHQS programme also contributes to the objectives of the Green Powys and Compliance One Hundred programmes (see sections 3.5 and 3.6).

Table 3.4.1: WHQS Programme Financial Summary 2022-23 to 2026-2027

Investment	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
Kitchens	£600,000	£420,000	£400,000	£600,000	£800,000
Bathrooms	£472,500	£200,000	£200,000	£0	£400,000

<sup>1</sup> Gross expenditure, excluding Social Housing Grant or other grants that may be available.

Rewiring	£90,000	£120,000	£60,000	£100,000	£45,000
Windows and Doors	£649,000	£500,000	£100,000	£0	£200,000
Roofing	£1,500,000	£1,000,000	£400,000	£400,000	£400,000
Walls	£650,000	£650,000	£650,000	£650,000	£650,000
Estate Works (contribute to Love Where You Live)	£1,100,000	£1,200,000	£1,300,000	£1,200,000	£1,200,000
Heating (contributes to Green Powys)	£1,500,000	£1,400,000	£1,500,000	£1,400,000	£1,400,000
Energy Efficiency (contributes to Green Powys)	£240,000	£150,000	£300,000	£150,000	£150,000
Asbestos Management (contributes to Compliance One Hundred)	£150,000	£150,000	£150,000	£150,000	£150,000
Management Fees	£770,000	£777,700	£785,480	£793,330	£801,260
Miscellaneous WHQS	£430,000	£250,000	£250,000	£250,000	£250,000
<b>Total</b>	<b>£8,151,500</b>	<b>£6,817,700</b>	<b>£6,095,480</b>	<b>£5,693,330</b>	<b>£6,446,260</b>

### 3.5 Compliance One Hundred

3.5.1 The Compliance One Hundred programme is designed to make sure that all of the Council homes and associated assets are one hundred per cent compliant with all relevant and applicable legislation and regulation. The investment schemes detailed below are in addition to those included within the WHQS programme, detailed above in section 3.4 and Day-to-Day Repairs and Maintenance which includes all inspections and servicing of safety-critical components and assets, such as heating systems and lifts.

Table 3.5.1: Compliance One Hundred Programme Financial Summary 2022-23 to 2026-2027

Investment	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
Fire Safety Works	£200,000	£200,000	£100,000	£100,000	£100,000
Water Supply and Sewerage Works	£250,000	£250,000	£200,000	£100,000	£100,000
Legionella	£50,000	£50,000	£50,000	£50,000	£50,000
WHQS Contributions to Compliance One Hundred	£150,000	£150,000	£150,000	£150,000	£150,000
Day-to-day Repairs Contribution to	£510,000	£400,000	£310,000	£310,000	£225,000

Compliance One Hundred					
<b>Total Compliance One Hundred Investment Programme</b>	<b>£1,160,000</b>	<b>£1,050,000</b>	<b>£810,000</b>	<b>£710,000</b>	<b>£625,000</b>

### 3.6 Green Powys

3.6.1 The Green Powys programme is designed to increase fuel efficiency, reduce fuel poverty for tenants of the Council and make tangible improvements to the wider environment, with a particular emphasis on increasing planting of trees, shrubberies and other actions to promote bio-diversity, encourage appreciation of the natural world and give a greener feel to our communities.

3.6.2 As the 'Green Heart of Wales' Powys County Council is working to improve the thermal comfort of its Council-owned homes and at the same time helping to reduce the carbon footprint of the county. The cost of decarbonising all homes currently owned by the Council is difficult to quantify. However, a broad-brush estimate based on research undertaken by Inside Housing suggests a possible investment of £108,000,000 will be needed for Powys. The Council is exploring sustainable heating systems, such as replacing gas-fired boilers with ones than can easily be converted to use hydrogen.

3.6.3 A particular focus of the Green Powys programme will be the 400 municipal properties that have an Energy Performance Certificate rating of E, F or G, the lowest ratings. A 'whole house' approach, which looks at heat loss, heat retention, ventilation and the most efficient way to provide heating as and when it is necessary, is to be developed for these properties, with investment starting in 2023 as 'Project E, F, G'.

Table 3.6.3: Green Powys Programme Financial Summary 2022-23 to 2026-2027

<b>Investment</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>
Damp Prevention	£250,000	£250,000	£250,000	£250,000	£250,000
Photo-voltaic (Solar Panels)	£75,000	£75,000	£75,000	£75,000	£0
Decarbonisation and Energy Efficiency	£90,000	£100,000	£250,000	£250,000	£250,000
WHQS Contributions to Green Powys	£1,650,000	£1,550,000	£1,550,000	£1,550,000	£1,550,000
Day-to-day Repairs Contribution to Green Powys	£540,000	£569,540	£579,000	£588,950	£874,000
<b>Total Green Powys Investment Programme</b>	<b>£2,605,000</b>	<b>£2,544,540</b>	<b>£2,704,000</b>	<b>£2,713,950</b>	<b>£2,924,000</b>

### 3.7 Fit for Life

3.7.1 The Fit for Life programme is designed to make the Council's homes better suited to the needs of older people and those with health-related needs that impair or adversely affect their mobility.

Table 3.7.1: Fit for Life Programme Financial Summary 2022-23 to 2026-2027

<b>Investment</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>
Fit for Purpose	£1,700,000	£1,400,000	£1,200,000	£0	£0
Adaptations - Capital	£250,000	£250,000	£250,000	£250,000	£250,000
Adaptations - Revenue	£590,000	£602,390	£615,040	£641,140	£654,600
<b>Total Fit for Life Investment</b>	<b>£2,540,000</b>	<b>£2,252,390</b>	<b>£2,065,040</b>	<b>£891,140</b>	<b>£904,600</b>

### 3.8 Love Where You Live

3.8.1 The Love Where You Live tenancy sustainability strategy is designed to make the homes and estates managed by the Council places where people can enjoy their lives and we improve the wellbeing of our residents. The investment schemes detailed below are in addition to those included within the WHQS programme, detailed above in section 3.4.

Table 3.8.1: Love Where You Live Programme Financial Summary 2022-23 to 2026-2027

<b>Investments</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>
Brecon Area Estate Improvements	£20,000	£20,000	£20,000	£20,000	£20,000
Newtown Area Estate Improvements	£20,000	£20,000	£20,000	£20,000	£20,000
Welshpool Area Estate Improvements	£20,000	£20,000	£20,000	£20,000	£20,000
Wye Valley Estate Improvements	£20,000	£20,000	£20,000	£20,000	£20,000
Ystradgynlais Estate Improvements	£20,000	£20,000	£20,000	£20,000	£20,000
Car Parking	£75,000	£75,000	£75,000	£75,000	£75,000
Communal Area Improvements	£75,000	£50,000	£50,000	£50,000	£50,000
Garage Strategy	£300,000	£400,000	£400,000	£400,000	£0
Pen-y-bryn Regeneration	£700,000	£700,000	£300,00	£0	£0
Play Area	£25,000	£25,000	£25,000	£25,000	£25,000

Improvements					
WHQS Contributions to Love Where You Live (Estate and Boundary Works)	£1,100,000	£1,200,000	£1,200,000	£1,200,000	£1,200,000
Day-to-day Repairs Contribution to Green Powys	£540,000	£569,540	£579,000	£588,950	£874,000
<b>Total Love Where You Live Investment</b>	<b>£3,435,000</b>	<b>£3,669,080</b>	<b>£2,988,000</b>	<b>£3,007,900</b>	<b>£3,178,000</b>

### 3.9 Community Alarms (Capital Programme)

3.9.1 In autumn 2021, a review started of the options available for future provision of the community alarm services for tenants of the Council. The review has been prompted by:

- The need to replace the current equipment, which is of an age that it is beyond economical maintenance and repair. An earlier programme to replace the equipment was put on hold due to the restrictions on home visits imposed as part of the Covid pandemic.
- The development of alternative delivery models, including use of a wider range of new and emerging technology, for example greater access to the internet, mobile telephony and the development of telecare systems.
- The needs and aspirations of residents and tenants.

3.9.2 The HRA Business Plan for 2022-2023 includes a one-off provision of £600,000 for the necessary capital investment to replace the Careline equipment with up-to-date kit, if the review recommends that the existing model of provision remains appropriate for the Council.

### 3.10 Repairs and Maintenance (Revenue Programme)

3.10.1 Repairs and maintenance covers day-to-day repairs and cyclical maintenance to the Council's homes. Until the end of June 2022, the majority of this work will be undertaken for the Council by its joint venture with Kier, Heart of Wales Property Services (HoWPS). HoWPS will receive a pro-rata payment of the annual sum to undertake these works, as set out in a Service Agreement between itself and the Council. Any day-to-day works not covered in the agreement are funded on an as-needs basis by the Council.

3.10.2 From July 2022, the work currently undertaken by HoWPS will be provided by Housing Services, using a mix of directly employed colleagues and where specialist skills and expertise are needed, appropriate external contractors employed directly by Housing Services.

Table 3.10.2: Repairs and Maintenance Programme Financial Summary 2022-23 to 2026-2027

<b>Investments</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>	<b>2026-2027</b>
HoWPS Service Agreement	£1,353,620	£0	£0	£0	£0
HoWPS Service Contingency	£0	£0	£0	£0	£0
Housing Quality Repairs and Maintenance Service	£3,931,245	£5,190,957	£5,119,801	£5,227,320	£5,337,090
Vehicle Financing (Revenue)	£129,625	£176,463	£180,169	£0	£0
ICT	£137,000	£120,000	£124,000	£0	£0
Day-to-day and Cyclical Repairs (not covered by HoWPS Service Agreement)	£0	£0	£0	£0	£0
Day-to-day and Cyclical Repairs	£1,813,110	£1,460,960	£1,399,593	£1,556,936	£1,535,947
External Painting	£450,000	£459,450	£469,100	£478,950	£764,010
Estate and Grounds Maintenance	£865,300	£865,300	£865,300	£865,300	£865,300
Miscellaneous Expenditure	£311,130	£317,170	£323,337	£329,634	£336,063
<b>Total Repairs and Maintenance Investment</b>	<b>£8,991,030</b>	<b>£8,590,300</b>	<b>£8,481,300</b>	<b>£8,458,140</b>	<b>£8,838,410</b>

*Please note: Includes contributions from each Housing Quality Repairs and Maintenance Service, Day-to-day and Cyclical Repairs and Miscellaneous Expenditure towards the Green Pows, Love Where You Live and Compliance One Hundred programmes.*

### 3.11 Housing Management System (Capital Programme)

3.11.1 The Council's current housing management system, QL, does not include provision for the direct provision and management of repairs and maintenance. Following a competitive tendering exercise, QL has been appointed to working alongside the Council's own ICT experts to put in place by June 2022 a fully operational repairs and maintenance system. Financial provision has been made in the HRA Business Plan to cover this investment.

### 3.12 Acquisition of Properties (Capital Programme)



3.12.1 The Council has between 2019 and the end of December 2021 purchased 39 homes on the open market, the majority of which have been ex-municipal homes. In determining which properties to purchase there has been a focus on those in areas of high demand and where the new build programme is unlikely or due to planning and land restrictions, unable to meet the need. All such purchases are subject to the same viability criteria as new build, with additional allowances made for any works needed to bring the properties up to WHQS. The programme will continue to be a significant part of the work undertaken by the Council to increase the availability of genuinely affordable, secure rented homes across Powys.

3.13 Other expenditure within the HRA Business Plan includes Supervision and Management Costs, which cover the costs of managing the service, for example staff, support services and office costs, and the cost of funding debt taken on when the HRA became self-financing in 2014 and any additional borrowing secured to fund investment programmes.

#### 4. Resource Implications

4.1 The HRA Business Plan submission to the Welsh Government sets out how the Council will fund the service, aggregating certain categories of expenditure within generic headings set by the Welsh Government to help manage the allocation of MRA. Councils are however free to allocate investment across programmes of their own choosing. Table 4.1 sets out how Powys County Council proposes to invest in and fund the HRA Business Plan for next five years. All data is sourced from the HRA Thirty Year Financial Business Plan 2022-2023.

Table 4.1: HRA Business Expenditure, Income and Financing Summary 2022-2023 to 2026-2027

	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
<b>Capital Expenditure</b>					
WHQS Improvements & Maintenance	£8,151,500	£6,817,700	£6,095,480	£5,693,330	£6,446,260
Community Alarms	£300,000	£300,000	£0	£0	£0
Compliance One Hundred	£500,000	£500,000	£350,000	£250,000	£250,000
Fit for Life	£1,950,000	£1,650,000	£1,450,000	£250,000	£250,000
Green Powys	£415,000	£425,000	£575,000	£575,000	£500,000
Love Where You Live	£1,275,000	£1,350,000	£650,000	£650,000	£250,000
Rapid Response	£100,000	£100,000	£100,000	£100,000	£100,000
New Vehicles	£1,037,000	£0	£0	£0	£0
New Build	£10,321,729	£20,980,093	£23,563,151	£15,695,771	£12,955,518
Acquisitions	£800,000	£800,000	£800,000	£800,000	£800,000
Other Capital Expenditure	£770,000	£770,000	£770,000	£770,000	£770,000
<b>Sub Total</b>	<b>£25,620,229</b>	<b>£33,692,793</b>	<b>£34,353,631</b>	<b>£24,784,101</b>	<b>£22,321,778</b>

<b>Capital Funding</b>					
Major Repairs Allowance	£3,732,000	£3,732,000	£3,732,000	£3,732,000	£3,732,000
Capital Receipts	£0	£1,000,000	£1,000,000	£0	£0
Borrowing	£9,174,747	£21,015,680	£22,152,911	£12,527,116	£9,757,484
Other Funding Sources (WG Social Housing Grant)	£2,100,000	£2,100,000	£2,100,000	£2,100,000	£2,100,000
Capital Expenditure funded by HRA	£5,800,000	£5,800,000	£5,800,000	£5,800,000	£5,800,000
<b>Sub Total</b>	<b>£20,806,747</b>	<b>£33,647,680</b>	<b>£34,784,911</b>	<b>£24,159,116</b>	<b>£21,389,484</b>
<b>Revenue Expenditure</b>					
Management Costs	£6,582,020	£4,089,790	£4,130,690	£4,172,000	£4,213,720
Repairs & Maintenance	£8,991,030	£8,590,300	£8,481,300	£8,458,140	£8,838,410
Contribution To Capital Funding	£5,800,000	£5,800,000	£5,800,000	£5,800,000	£5,800,000
Interest payments	£3,814,320	£3,814,320	£3,814,320	£3,814,320	£3,814,320
<b>Sub Total</b>	<b>£25,187,370</b>	<b>£22,294,410</b>	<b>£22,226,310</b>	<b>£22,244,460</b>	<b>£22,666,450</b>
<b>Revenue Funding</b>					
Gross Rental Income	£27,475,660	£27,475,660	£27,475,660	£27,475,660	£27,475,660
Garages Income	£746,410	£769,550	£793,410	£818,010	£843,370
Service Charges	£250,635	£258,400	£266,410	£274,670	£283,180
Other Commercial Rental Income	£22,080	£22,760	£23,470	£24,200	£24,950
Voids	-£1,051,595	-£1,030,337	-£991,459	-£876,167	-£620,887
Bad Debts	-£788,696	-£686,892	-£686,892	-£627,919	-£667,454
WG Affordable Housing Grant (AHG)	£202,655	£202,655	£202,655	£202,655	£202,655
Other Income	£1,000	£1,030	£1,060	£1,090	£1,120
<b>Sub Total</b>	<b>£26,857,149</b>	<b>£27,011,797</b>	<b>£27,083,255</b>	<b>£27,291,109</b>	<b>£27,541,474</b>
<b>HRA Financing WG Business Plan</b>					
Borrowing Opening Balance	£106,826,413	£114,922,390	£134,618,448	£154,944,919	£165,109,820

Loan repaid from MRP	£1,078,770	£1,319,623	£1,826,440	£2,362,215	£2,683,681
Additional Borrowing	£9,174,747	£21,015,680	£22,152,911	£12,527,116	£9,757,484
Borrowing Carried Forward	£114,922,390	£134,618,448	£154,944,919	£165,109,820	£172,183,622
<b>Balance Carried Forward (HRA Reserve)</b>	<b>£1,000,000</b>	<b>£1,041,000</b>	<b>£1,078,285</b>	<b>£1,110,294</b>	<b>£1,143,603</b>

- 4.2 The financial model includes many assumptions, the primary ones being detailed below in section 4.3. Due to the long-term nature of the forecasts within the Business Plan, the uncertainty of the economic climate and the demands on the housing environment generally, these assumptions are extremely sensitive to change.
- 4.3 The primary assumptions made to inform the HRA Business Plan are:
- Rental income will increase by CPI + 1% per year, the maximum allowed by the Welsh Government's Rent Policy, with the exception of 2022-2023 when rent increases have been limited by the Welsh Government to CPI only.
  - Service charges are increased for future years in line with inflation for full cost recovery.
  - The Welsh Government will in future years allocate grant to support the development of social and low-cost housing on a scheme-by-scheme basis. For the purposes of forward planning, an average grant rate of 35% has been assumed.
  - The Welsh Government Major Repairs Allowance receivable is assumed to remain at previous levels of £3,732,000 per year.
  - Void loss and bad debt have been assumed at 7% (4% voids and 3% bad debt). Work continues to reduce void turnaround times, with substantial improvements already made in the time taken to let a property once it has been returned to the Council, fit to let. This assumption also takes account of growing challenges collecting income from people reliant upon the social security system for all or part of their income.
  - Prudential borrowing interest rates have been assessed at 2.9% per annum.
  - General inflation at 4.9% for RPI in 2021-2022 and 3.8% afterwards and 3.1% for CPI in 2021-2022 and 2.55% annually afterwards
  - A minimum balance of £1,000,000 will be maintained over the medium term to mitigate against any future risks.
- 4.4 The Business Plan is subject to regular review to make sure new expenditure, to be paid for by borrowing, is for essential improvements or for schemes that have an element of pay back, such as the development of new homes. This is to make sure that there are no long-term issues of affordability and sustainability in respect of borrowing.

- 4.5 The Business Plan process requires the Council to assess the impact of a number of key variables and how changes in these may impact on priorities both in capital investment and for revenue budgets.
- 4.6 It should be noted that the HRA is ring fenced. This means it can only draw income from rental income, self-generated income and approved grants from the Welsh Government. It cannot benefit in any way from General Fund income. By the same token, the HRA can only be used to fund services and investment of direct benefit to domestic tenants of the Council. It cannot be used to fund General Fund services or investment. Welsh Government will later this year be issuing a revised HRA guide detailing what the HRA can and cannot fund.
- 4.7 The Head of Finance (Section 151 Officer) notes the content of this report and is satisfied that the HRA business Plan is acceptable, that the assumptions contained within the report are appropriate but noting the sensitivity to change in the current economic climate. This will need to be kept under review. The plan conforms to the structure and business plan parameters set out by Welsh Government. The plan is therefore viable and be supported from a financial perspective.

## **5. Legal implications**

- 5.1 There are no direct legal implications but the requirement for a plan is set out in this report. The approval of the Business Plan is an executive function which does not have to be referred to full Council.
- 5.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: "I note the legal comment and have nothing to add to the report".

## **6. Data Protection**

- 6.1 The proposals and recommendations contained in this report do not involve the processing of personal data.

## **7. Comment from local member(s)**

- 7.1 This matter has equal effect across the Council.

## **8. Integrated Impact Assessment**

- 8.1 An Impact Assessment has been completed in respect of this report.
- 8.2 The Impact Assessment shows that the proposals for the HRA Thirty Year Business Plan 2022-2023 set out in this report contribute positively to maintaining and developing the Council's role as responsive and viable social landlord. A balanced approach has been taken between maintaining and improving existing homes and increasing the range of affordable housing options available for the people of Powys. Risks arising from changes by the Welsh Government to rent and affordable housing grant policy and inflationary construction costs are well mitigated. The Powys HRA Thirty Year Business Plan makes a substantial contribution towards making Vision 2025 a reality, which includes Affordable Housing as one of its top priorities.

- 8.3 The impact on the Council of not approving the proposed HRA Thirty Year Business Plan, set out in this report, will be considerable. There will be a high risk of the Council not being to comply with the Welsh Government's requirement for the Council to have in place by April 1<sup>st</sup>, 2022, a sustainable and viable HRA Thirty Year Business Plan. This may result in the loss of MRA (£3,732,000 per annum) and direct intervention by the Welsh Government in the management of the landlord service.

## **9. Recommendation**

9.1 Cabinet is recommended to:

- 91.1. Approve the Housing Revenue Account (HRA) Thirty Year Business Plan 2022-2023, as set out in the HRA Business Plan Narrative (attached to this report as Appendix A).

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