

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	The Executive
Date:	17 May 2021
Subject:	Housing Revenue Account Business Plan 2021-2051
Portfolio Holder(s):	Alun Mummery
Head of Service:	Ned Michael
Report Author: Phone Number: E-mail:	Ned Michael 01248 752289
Local Member:	All Members

A – Recommendation/Recommendations and Reason/Reasons
<p>As per the requirement upon us from Welsh Government we are required to present a Housing Revenue Account (HRA) Business Plan by the 31st of March in order to secure our annual major repairs allowance of £2.665m.</p> <p>I therefore recommend that the Executive approve:-</p> <p>R1. The Housing Revenue Account (HRA) Business Plan 2021-2051, and in particular the HRA budget for 2021-2022 to be submitted to Welsh Government</p> <p>R2. The proposed Housing Capital Programme for 2021-2022, as stated within the Capital Budget</p> <p>Reasons</p> <p>1.0 Background</p> <p>1.1 This Report and Business Plan has been prepared in conjunction with Officers from Finance Services, the Business Plan forms the primary tool for financial planning of the delivery and management of the Council’s housing stock. In particular, the Business Plan demonstrates:-</p> <ul style="list-style-type: none"> - how the Council brings all its stock to Welsh Housing Quality Standards – whilst there will remain to be some properties that are classified as ‘acceptable fails’; - how the Council intends to maintain and exceed WHQS and - the investment needed to finance our new council house development programme.

1.2 The Council, through its HRA, owns and manages 3,855 properties and 722 garages, across the Island. Throughout the period of this Business Plan we will see an increase in stock to over 5000 units.

1.3 The HRA Business Plan (Appendix 1) contributes to all the fundamental themes within the Council's Corporate Plan. The main contribution is to the themes of Transforming Older Adult Social Care, Increasing our Housing Options and Reducing Poverty and Regenerating our Communities and Developing the Economy.

1.4 As part of the Voluntary Agreement signed by the Local Authorities with the Welsh Government, borrowing negotiated and agreed to allow for new build and maintaining the Welsh Housing Quality Standards.

1.5 The HRA continues to be ring-fenced for the Council's Landlord functions which relate to the Council's housing stock. The ring-fencing of the account means that the Council may not subsidise council housing from the general fund.

2.0 Welsh Housing Quality Standard (WHQS)

2.1 The Council has achieved WHQS since 2012, we were the second Authority in Wales to achieve this standard.

The Welsh Housing Quality Standard states that all households should have the opportunity to live in good quality homes that are:

- In a good state of repair.
- Safe and secure.
- Adequately heated, fuel efficient and well insulated.
- Contain up-to-date kitchens and bathrooms.
- Well managed.
- Located in attractive and safe environments.
- As far as possible suit the specific requirements of the household, (e.g. specific disabilities).

3.0 Capital Programme 2021-2022

3.1 Capital programme has been estimated at £9,555 million has been included within the Business Plan. This includes provision for external works, fire risk works, asbestos, disabled adaptations and energy efficiency works. The budget also allows for achieving full WHQS compliance by targeting acceptable fails, environmentals.

3.2 A provision of £4.576 m has been included within the revenue budget for repairs and maintenance works.

3.3 In addition £9.088m has been budgeted for in 2022-22 for the development programme of new Council housing and acquisition of former council housing on the Island. The Business Plan

assumes a development programme of 45 units in 2021-2022 and throughout the period of the Business Plan.

4.0 Financial Model and Assumptions

4.1 The HRA Business Plan must be supported by a 30 year financial model and is detailed in chapter 8.

The Business Plan is accompanied by a sensitivity analysis, which demonstrates the robustness of the plan. These are based on key assumptions and parameters set by Welsh Government, and predict the resources available and required to maintain WHQS and capacity for new build, and aims to provide assurances on the long term sustainability of the HRA.

The Social Housing Rents Policy was introduced by Welsh Government in April 2015 for local authorities and is in place for a five year period. The policy aims to achieve rent convergence between Council and Housing Association rents over time. It is anticipated that we as a Council will reach rent convergence with Housing Association rent levels by 2024 – 2025.

4.2 Rental income and local rent setting policy are major factors in the future viability of the Business Plan. Welsh social rent policy is developed from the United Kingdom Government and currently increased based on the published CPI inflation published annually for September plus 1% and up to £2 per week towards reaching rent convergence.

4.3 Welsh Government has provided details of the rent increase for 2021-22 which was set at the consumer price index of 0.5% as was the value in September plus 1%. The Executive Committee approved the rent increases for 2021/22 of 0.45% and up to £2 per week for the properties below target rents during their meeting on the 15th of February. This increase has been included within the budgeted rental income for 2021-22.

4.4 The business plan has been stress tested to take account of the risks both individually and together and that the business plan remains viable over the 30 years.

B – What other options did you consider and why did you reject them and/or opt for this option?

N/A

C – Why is this a decision for the Executive?

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CH – Is this decision consistent with policy approved by the full Council?

Yes

D – Is this decision within the budget approved by the Council?
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DD – Who did you consult?		What did they say?
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	Business Plan fully endorsed by the SLT.
2	Finance / Section 151 (mandatory)	S151 Officer is satisfied that the business plan assumptions are reasonable and comply to the published WG guidelines and that the business plan is viable and reflects the current financial situation facing the HRA.
3	Legal / Monitoring Officer (mandatory)	No comments.
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	

E – Risks and any mitigation (if relevant)

1	Economic	
2	Anti-poverty	All Council Housing households benefit from WHQS, capital programme and support to prepare for welfare reform changes.
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	

F - Appendices:

Appendix 1 – HRA Business Plan 2021-2051

FF - Background papers (please contact the author of the Report for any further information):

Stock Condition Survey Report, 2017