APPENDIX 2

Gateshead Council

HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN 2021-2051

CONTENTS

1. INTRODUCTION

1.1 The Housing Revenue Account (HRA) is the financial account used to manage the Council's activities as a landlord. It is a ring-fenced account and can only be used to provide services to Council housing tenants through the collection of rent and other service charges.

1.2 The HRA Business Plan is a key strategic document which sets out the Council's income and expenditure plans for delivering Council Housing Services in Gateshead.

1.3 As part of the budget setting for 2021/22 it was identified that the HRA Business plan was unsustainable and indicated that HRA reserves would be exhausted by 2029/30. This position needed to be addressed to ensure a statutorily compliant business plan, and one which is viable, stress-tested and able to fully fund capital investment requirements over the short and longer term.

1.4 Over the past year work has been undertaken to develop a new fit for purpose 30 year HRA Business Plan which has included the procurement of a new planning tool to enable detailed, complex scenario planning. This plan is the culmination of that work which sets out the key priorities for investment and how this can be funded in a way that is affordable for the HRA.

1.5 In the development of the new plan consideration has been given to the most up to date information available to inform the assumptions, modelling of unsustainable stock options, consideration of the input costs, a review of the void processes, wider development requirements and the availability of resources to invest in new stock.

1.6 On 1 April 2021 following a Housing Options Review and formal consultation with tenants and leaseholders the management and maintenance of the Council's housing stock was reintegrated into the Council. In support of this a new structure for the delivery of housing services has been introduced which supports cross tenure working and enables a more strategic approach to the delivery of housing in Gateshead.

1.7 One of the key drivers for the consolidation of services was to generate efficiencies in the delivery of housing services and move to a more sustainable HRA, one where the income from the assets is sufficient to fund the management, maintenance and investment in those assets.

1.8 This plan should be read in conjunction with the HRA Asset Management Strategy which sets out the strategy and plan for how the above ambition can be achieved.

2. NATIONAL POLICY CONTEXT

2.1 The HRA operates within a political environment and therefore any changes in national housing policy can have a significant impact on the HRA Business Plan.

2.2 National Social Rent Policy

2.2.1 The Welfare Reform and Work Act 2016 included a statutory obligation for registered providers of social housing to reduce their rents by 1% per year, irrespective of inflation, from April 2016 to March 2020.

2.2.2 From April 2020, the Regulator of Social Housing's (RSH) Rent Standard made provision for a maximum annual increase in social housing rents of CPI plus 1% with effect from April 2020 for a period of five years. The rent increase agreed for April 2021 was based on the rate of CPI in September 2020, which was 0.5%. This was unpredictably low as a result of the impact of Covid-19 on the economy in 2020.

2.2.3 Any increase in rent will mean an impact on tenants' household budgets but the additional income is vital to maintain and improve the services we provide to tenants, invest in our existing housing stock in accordance with the stock condition surveys and develop new social housing to address the needs of local people.

2.2.4 Future rent increases will not mitigate against the reductions during 2016-2020 it just means that rents are now set against a lower baseline than they would have been.

2.3 HRA Borrowing Cap

2.3.1 In October 2018 the Government issued a determination removing the HRA debt cap. The HRA debt cap for Gateshead was £345.505 million, but current borrowing is below that level.

2.3.2 The removal of the cap provides the Council with more freedom and flexibility to undertake additional borrowing subject to the principles of the Prudential Code for Capital Finance in Local Authorities of affordability, sustainability and prudence.

2.3.3 Primarily this will help the Council in its commitment to deliver more affordable housing. However, we can only use this flexibility to finance activities that generate sufficient income for the HRA to offset the required upfront capital and management costs associated with the investment within the HRA business planning horizon. Using the borrowing capacity in any other way will bring additional financial risk to the HRA Business Plan.

2.4 Welfare Reform

2.4.1 Welfare Reform represents the biggest change to the benefits system in a generation.

2.4.2 The impact of Covid-19 has seen an increasing number of people moving either from Housing Benefit to Universal Credit (UC) or new UC recipients. This is a national challenge as UC is paid in arrears and in most cases directly to the recipients rather than to the landlords.

2.4.3 This combined with the benefit cap and the under-occupancy charge continues to be a challenge and poses a risk to the level of potential rent arrears that may accrue

2.4.3 In Gateshead there are currently circa 74% of tenants in receipt of either Housing Benefit or Universal Credit of which 45% are in receipt of Universal credit. There are a small number of tenants in receipt of both types of benefit.

2.5 The Charter for Social Housing Residents (Social Housing White Paper)

2.5.1 In November 2020, the Government issued its Social Housing White Paper – The Charter for Social Housing Reform, in which it sets out fundamental reform to ensure social homes provide an essential, safe, well managed service for all those who need it, including an enhanced regulatory regime for local authorities. The paper set out seven principles which will underpin a new, fairer deal for social housing residents:

- To be safe in your home – to ensure every home is safe and secure
- To know how your landlord is performing – including on repairs, complaints and safety, and how it spends its money
- To have your complaints dealt with promptly and fairly – with access to a strong Ombudsman
- To be treated with respect – backed by a strong consumer regulator and improved customer standards
- To have your voice heard by your landlord – for example through regular meetings and scrutiny panels
- To have a good quality home and neighbourhood to live in – keeping homes in good repair
- To be supported to take your first step to home ownership – a ladder to other opportunities, should tenants circumstances allow

2.6 Housing Growth

2.6.1 Addressing the housing shortage is a priority issue for the Government and one that carries clear expectations on how housing supply is increased in order to meet local housing needs. The Government is also keen that people can be supported into home ownership and have made available a number of packages and initiatives to enable social landlords to deliver new homes which specifically support this agenda.

2.6.2 In March 2012 the Government published a policy paper '*Reinvigorating Right to Buy and One for one Replacement'* and statutory instrument (2012 No. 711) which amended the capital finance regulations. As part of this Councils were able to sign an agreement with government to retain additional right to buy (RTB) receipts known as 1-4-1 receipts which have certain conditions attached to their use. In 2021 in response to a 2018 consultation these conditions were amended to give Council's more flexibility and extended the period for which they could be used. The aim of this was to enable more affordable homes to be built effectively replacing those bought through RTB.

2.7 Climate Change and the Low Carbon Future

2.7.1 The Government has committed to tackling climate change and intends to set a target of reducing domestic emissions to zero. The Government has indicated the possible revision of the Decent Homes Standard and of this including a requirement to achieve EPC D by 2025 and EPC C by 2030, thereby obliging us to meet these targets. The

RSH therefore expects social landlords to be working to understand the potential costs of making carbon reduction improvements to our assets.

2.8 Building Safety Bill

2.8.1 The independent review of building regulations and fire safety (The Hackitt Report) was published in 2018. The report's findings were that "*the current system of building regulations and fire safety is not fit for purpose and that a culture change is required to support the delivery of buildings that are safe, both now and in the future."* The Hackitt report set out over 50 recommendations for the delivery of a robust regulatory system.

2.8.2 The Government has published a Building Safety Bill, which sets out an enhanced regulatory regime for all buildings, including a more stringent fire and structural safety regime for higher-rise buildings.

2.8.3 The Council will take a pro-active approach to ensure compliance with any resultant legislative requirements to the way we manage and maintain our council housing.

2.9 Fire Safety Act 2021

2.9.1 The Act makes amendments to the Regulatory Reform (Fire Safety) Order 2005 ("the FSO") and extends the provisions of the FSO to the following parts of a multi-occupied residential buildings:

- the building's structure, external walls and any common parts. The external walls include doors or windows in those walls, and anything attached to the exterior of those walls, e.g. balconies and cladding.
- all doors between the domestic premises and common parts.

2.9.2 Under Article 3 of the FSO, the "responsible person" of a premise (either a building or any part of it) is the person who has control of the premises ("the Responsible Person"), which may include building owners, leaseholders or managers.

2.9.3 The Council will take a pro-active approach to ensure compliance with the provisions of the act.

3. LOCAL POLICY CONTEXT

3.1 The HRA Business Plan is set within a wider strategic context of the overall ambitions of the Council and those of the Housing Service.

3.2 Strategic Approach

3.2.1 The Council's strategic approach, Making Gateshead a Place Where Everyone Thrives provides a framework to demonstrate how the Council will work and make decisions.

3.2.2 Thrive is underpinned by five key pledges:

- Putting people and families at the heart of everything we do;
- Tackling inequality
- Supporting our communities to support themselves and each other;
- Investing in our economy to provide sustainable opportunities for employment, innovation and growth; and
- Work together and for a better future for Gateshead Council

3.2.3 The HRA Business plan supports the delivery of these pledges.

3.3 Health and Wellbeing Strategy

3.3.1 The Health and Wellbeing Strategy identifies clear outcomes to support the delivery of "Gateshead Thrive". Housing is identified as one of the wider determinants of health and can play a vital role in the long-term health and wellbeing of an individual.

3.4 Housing Strategy

3.4.1 The Housing Strategy identified clear housing objectives and priorities, puts forward a vision for housing in Gateshead, and sets a framework for how the Council will deliver services and interventions, and work in partnership with others, in a way that will help achieve those objectives. It includes three overarching strategic objectives:

- Sustainable housing and economic growth
- Sustainable neighbourhoods
- Improved Health and Wellbeing

3.5 HRA Asset Management Strategy

3.5.1 The HRA Asset Management Plan sets out the Council's approach to managing the housing related assets held in the Housing Revenue Account. It covers a range of activities that will ensure that the housing stock meets the needs of residents and the standards required, both now and in the future. Its five key aims are;

- Delivering Decent Homes
- Maximising Energy Efficiency
- Ensuring Compliance
- Regeneration of Estates and Assets
- Investment in IT Infrastructure
- Developing New Homes

3.6 Homeless Prevention and Rough Sleeping Strategy

3.6.1 The Council's emerging Homelessness Prevention and Rough Sleeping Strategy will aim to eradicate rough sleeping in Gateshead, make homelessness a rare and one-off occurrence, and achieve positive outcomes for anyone who is homeless. The HRA will help to support delivery of this strategy through the provision of much needed new affordable homes, and in contributing to the delivery services to support and realise sustainable tenancy solutions for vulnerable people.

3.7 Residential Growth Strategy

3.7.1 A new Residential Growth Strategy is currently being developed that will confirm the priority actions to be undertaken over the next five years to maximise additional housing supply on existing and new sites, and to bring long term empty homes back into use. This strategy will also align with the Council's medium-term position and investment plan.

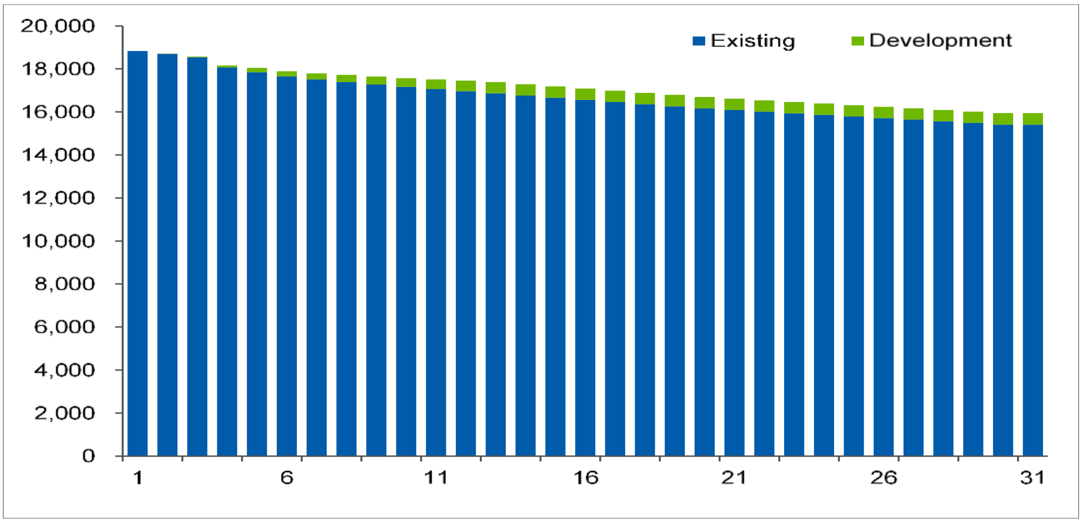
4. HOUSING INVESTMENT PLAN

4.1 Dwelling Stock Profile

4.1.1 The following graphs outline the profile of the HRA dwelling stock within Gateshead.

This image cannot currently be displayed.

4.1.2 Taking into account predicted sales of properties through Right to Buy, the potential impact of stock options and predicted development opportunities housing stock is predicted to be 15,942 by year 30 of the plan.



4.2 Other HRA Assets

4.2.2 The HRA also owns a number of non-domestic assets, which are predominantly made up of garages, lounges, shops, land and play equipment. There is recognition of the need to review the status of non-domestic assets to explore how they are used and whether a change of use would bring more value to the HRA to better help, support and sustain neighbourhoods & communities.

4.3 Investment Priorities

4.3.1 The capital investment included in the plan is based on the stock condition surveys of the current stock, and also includes the following:

- Progress towards net zero carbon
- Ensuring compliance with building safety measures
- Investment in garage sites
- Investment in IT Infrastructure
- Investment in the commercial stock
- Investment in communal areas and the wider environment
- Continued investment in disabled adaptations

4.4 General Stock Investment

4.4.1 Since the end of the Decent Homes Programme the balance of responsive repairs verses planned works have shifted and excessive responsive repair interventions are being delivered. The split between responsive and planned needs to be addressed so that more work is delivered in a planned way, ensuring value for money and the efficiencies associated with programmed works.

4.4.2 A tool has been developed that will analyse estate-based repairs to gain insight into the numbers of repairs and the type of work being delivered, then assessing it against stock condition data. This tool will be embedded and used to identify trends and drivers for expenditure to aid planning and deliver an appropriate balance of reactive repairs and planned investment and ensure this is aligned with our understanding of stock condition and asset sustainability.

4.5 Net Zero Carbon

4.5.1 The HRA will need to invest c.£265 million into insulation measures and new heating technologies. Investment costs average around £16,000 property and in some cases are as much as £37,000. The HRA business plan includes some allowances for costs for energy efficiency measures and improvements but support from public funding will be required to meet our obligations around energy improvements and net zero carbon.

4.6 Building Safety Measures

4.6.1 The Council is committed to ensuring tenant safety and the intention is to ensure that assets meet all applicable health and safety requirements so that all residents and visitors are confident that they are in a safe and secure environment. There has been significant investment into strengthening the safety of our assets over the last two years, and the necessary investment will be maintained to continue to ensure all assets are compliant.

4.6.2 As part of the consolidation of housing services into the Council new and strengthened governance and scrutiny processes have been introduced to protect customers and the sustainability of the HRA.

4.6.3 A robust and resourced Building Safety Team has been established to manage the Council's approach to this critical area of safety-based work and assurance. Strong condition data, robust building assessments and maintenance information will help protect the HRA from unplanned high cost and non-compliance.

4.6.4 As a building owner of higher risk residential buildings, such as high-rise buildings, we will compile and maintain safety case files and have appointed a building safety manager to support the management of our assets.

4.7 Garage Sites

4.7.1 Garages make up the largest proportion of non-domestic assets. These are assets that are formed of blocks or individual units that are not tied to or let as part of a domestic tenancy.

4.7.2 There are 3,678 garages currently in the HRA making up 512 garage block sites. All garage blocks have been stock condition surveyed and sites have also been appraised to assess their potential future use. This could include, improvement, demolition or a change of use and almost £1 million has been allocated in the business plan to start delivering on the garage review over the next five years.

4.8 Investment in IT Infrastructure

4.8.1 The current IT systems are structurally fit for purpose; however, there is insufficient interfacing or linkages to ensure a 360 view of all business intelligence. To strengthen the approach to data and ensure robust and resilient approach a systems plan has been developed. This will enable us to effectively manage and monitor the performance, quality and investment requirements of our assets and support our review of systems.

4.9 Investment in Commercial Stock & the Wider Environment

4.9.1 A programme of surveying HRA land to evaluate its value, potential use and maintenance liabilities will commence in Autumn 2021. It will ensure that future costs are appropriately captured and covered and that alternative use opportunities are fully explored.

4.9.2 There are also a small number of fixed play equipment sites that fall within the management of the HRA. These sites carry with them inspection and compliance requirements as well as ongoing maintenance costs. In partnership with communities these sites will be reviewed.

4.9.3 It is recognised that there is a need to review the status of non-domestic assets to explore how they are used and whether a change of use would bring more value to the HRA and better help support and sustain neighbourhoods & communities.

4.10 Disabled Adaptations

4.10.1 The Council recognises its social responsibility to support vulnerable and disabled residents to remain independent in their home. There is an annual budget for the provision of minor works, like handrails, through to major adaptations such as adapted bathrooms or property alterations.

4.10.2 Demand for adaptations in council homes remains high, with a large proportion of residents defining themselves as having a disability. The approach to adaptations must remain sustainable and viable, make the 'best use' of our stock by ensuring that properties are allocated appropriately, that investment is only made into sustainable adaptations, and that value for money is achieved.

4.11 Stock Options

4.11.1 High Rise Blocks

1. The analysis of the future pressures on the HRA highlights high rise blocks as a key area of concern. The high-rise stock is commonly characterised as a liability to the HRA as a result of high investment cost, low demand and high management requirements. Scenario planning in the development of the HRA business plan demonstrates that divesting from a further five high rise blocks has a positive impact on the business plan's affordability over the next thirty years.

2. The strategic roadmap, subject to the decision-making process and consultation, is to divest from and demolish four high rise blocks, and to divest and decommission a fifth, with the intention of recommissioning a renovated building with a lower accommodation density to provide an alternative supported housing offer. This scenario has been fully modelled and is sustainable within the business plan.

3. The plan includes provision to deliver on decisions already made in relation to the Sir Godfrey Thompson Court and Crowhall Towers.

4.11.2 Older Person's Housing

1. Gateshead has seven older persons' purpose-built housing blocks. They include over 200 sheltered 1-bedroomed and 2-bedroomed flats. Angel Court is the only modern purpose-built scheme.

2. There is also a disproportionate spread of blocks across the borough. The East, Central and West Neighbourhoods have one block each, while in the South there are four schemes. It is proposed to undertake a specific Older Persons' purpose-built block review.

4.12 New Development

4.12.1 The plan includes the development of new social housing units of 40 per annum for 10 years from 2022/23 and it has been assumed that there will be an opportunity to bid for Homes England grant funding to support the delivery of these units.

5. HRA FINANCIAL PLAN

5.1 The Financial Plan shows how both the Council Housing Investment Programme and the day to day Council housing services will be funded.

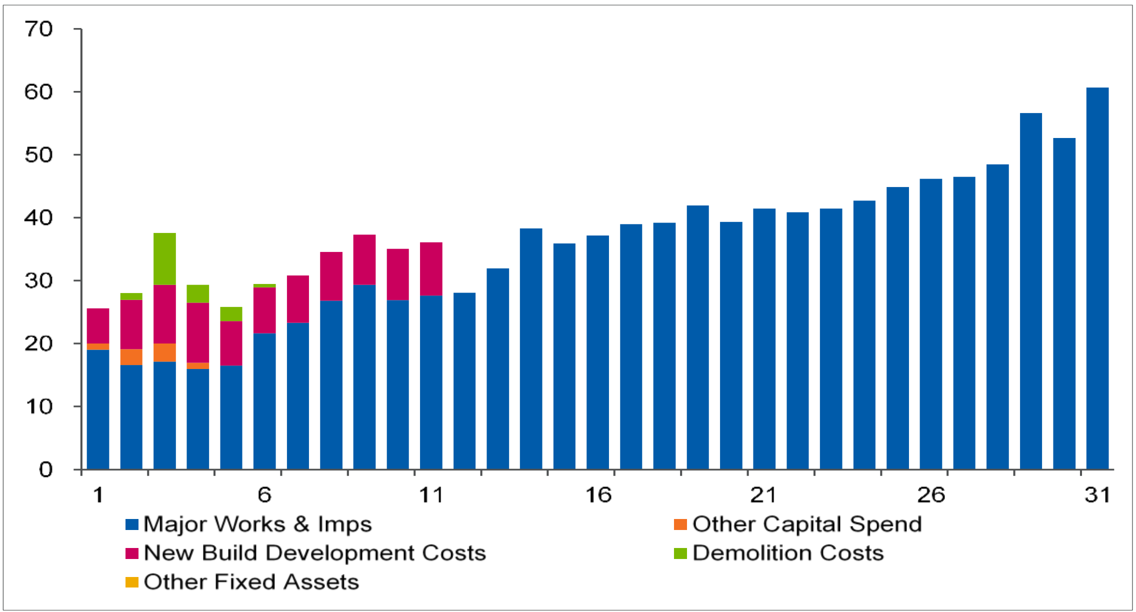
5.2 Overall, the revised HRA plan is fully costed and does not breach a minimum £3 million balance during the life of the plan (30 years). However, in order to incorporate all of the cost pressures and anticipated capital investment, including new social housing stock, borrowing will need to rise significantly above the current levels.

5.3 A copy of the HRA Operating Account 2021/22 to 2050/51 is attached at Appendix 1**.**

5.4 The plan requires as a minimum savings of £3.350 million which has been phased as follows:

Year	Total Annual Savings £000	Total Cumulative Savings £000
2022/23	566	
2023/24	774	1,340
2024/25	737	2,077
2025/26	828	2,905
2026/27	445	3,350
Total	**3,350**	

5.5 The capital investment included in the 30-year plan is £1.142 billion the split of which is detailed in the following graph:



5.6 Key Assumptions

5.6.1 The financial plan is based on a number of key assumptions to mitigate against risks or changes that may occur over the life of the Business Plan.

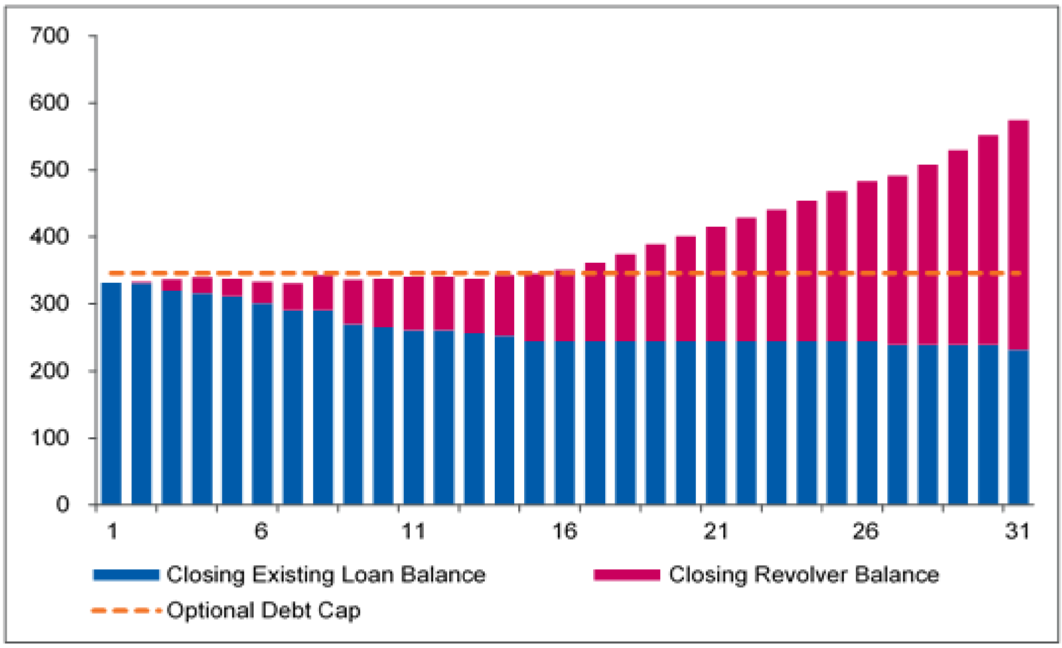
5.6.2 These assumptions will be reviewed and refreshed each year to take account of the changing economic environment in which the Business Plan operates. The key assumptions are outlined in the table below:

Area of Business Plan	Assumptions
Opening Stock 2021/22	18,833
Estimated Right to Buy numbers	100 2021/22, 115 from 2022/23, 100 from 2030/31 and 75 from 2040/41
Stock by 2050/51	15,942 (includes the impact of RTB, possible demolitions/decommissioning and new developments)
Consumer Price Index (CPI) Increases	From 2022/23 1.5%, from 2025/26 2%
Rent Service Charge Increases	CPI +1% current rent policy until 2024/25 then CPI
Void Rate	Current void rates are detailed below. Plan assumes social rented void rates (all stock) will reduce to 2.5% 2022/23, 2% 2023/24 & 1.5% 2024/25. Affordable rented reduce to 1% 2022/23.
Bad Debt Rate	0.95%. Budget 2021/22 equates to 0.89% but 2020/21 actual was closer to the equivalent of 0.95%
Minimum Working Balance	£3 million assumed throughout the plan
Retail Price Index (RPI)	2% 2022/23, 2.5% from 2023/24 and 2.9% from 2025/26.
Other Income	Non dwelling rent CPI and Water Commission RPI to 2025/26 but no further inflation applied due to reduction in stock so assumed a level of offset.
Salary Increases (Pay award)	Salaries projected to increase with RPI which is broadly comparable to the level of increases required to meet NLW requirements.
General cost pressures	Job evaluation and Employers pension rate increases are factored in and will increase with RPI in subsequent years as added to salary base.
Sales income from RTB's	Current average market value £92,574 and average discount £44,033 (2020/21). Projected to be fairly consistent over the next 5 years and then a slight increase at CPI.
Major Works cost increase	Based on stock condition survey and rise with RPI with the exception of aids and adaptations which is cash limited at 2021/22 prices.
Revenue Repairs	RPI for first 3 years to 2024/25 and then moving to CPI.
Depreciation	Charged in line with actual 2020/21 and uplifted for RPI.

Area of Business Plan	Assumptions
Homes England Grant Funding	Grant in 2021/22 is in line with the budget for Whitley Court and the original phasing & assumed grant. 2022/23 remaining Whitley Court grant and further grant of £35k per property on the developments uplift for RPI.
Borrowing Requirements	The plan includes provision for the estimated cost of future borrowing. This is the amount that the Council would need to borrow in future years to fund the capital investments. The borrowing requirement is calculated automatically by the model taking into account the amounts of funding available from capital receipts, the Major Repairs Reserve and the level of HRA revenue funds available. A total of £31.9m additional borrowing is predicted over the period 2021/22 to 2026/27 and a total of £313m over the life of the Plan. This is however offset in part by a reduction in the existing loan portfolio by £92m over the life of the plan resulting in a net increase in borrowing of £221m and £206m above the current optional debt cap.
Interest rates on Borrowing	2021/22 1.6%, from 2022/23 1.9%, from 2026/27 2%, from 2030/31 2.5%, from 2035/36 3% and from 2040/41 3.5%

5.7 Borrowing Requirement

5.7.1 The proposed plan shows that by year 31 borrowing will increase to £551.982 million which is £206.477 million higher than the current underlying loan debt. Borrowing will however not rise to a level above this until year 16 (see the following graph).

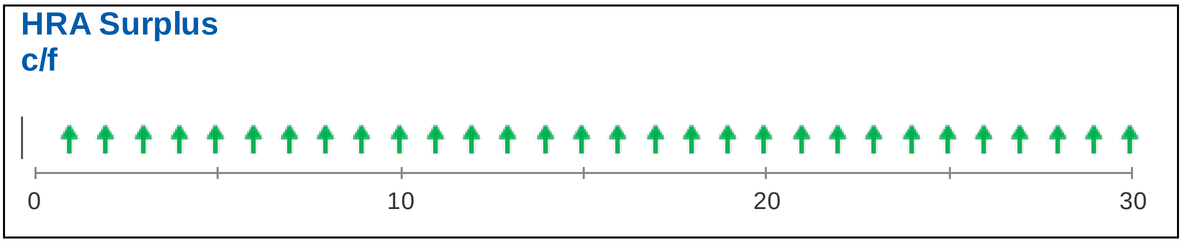


5.7.2 Whilst the borrowing is affordable within this plan debt needs to be managed in the overall context of affordability for the Council. The risks associated with borrowing will therefore need to be kept under review.

5.8 HRA Reserve Balances

5.8.1 The HRA can budget for a deficit in a particular year, but the HRA total reserve balance must not be negative. The business plan is set to assume that if the assumptions resulted in the reserve balance falling below the minimum required of £3 million in any years, then borrowing will be required. Borrowing can only be for capital purposes. Where revenue reserves are exhausted due to revenue expenditure exceeding income, then mitigating action is required.

5.8.2 The plan shows that over 30 years, the surplus carried forwards stays above the minimum balance (green arrows).



5.8.3 The plan also shows that there are years where reserves will be used to fund predicted peaks in the capital programme due to lifecycle replacements. This minimises borrowing and reduces the level of interest charges that would be incurred.

6. Risk Assessment

6.1 A comprehensive financial risk assessment has been undertaken to ensure that all risks and uncertainties affecting the council's HRA financial position are identified. These will be reviewed each year as part of the refresh of the HRA Business Plan. The key strategic financial risks to be considered are as follows:

Risk	Risk Management	Likelihood	Impact
Inflation (Negative Risk) Rent increases linked to CPI with the majority of other costs linked to RPI.	HRA Balances are risk assessed and budget contingency built into the annual cost to ensure variations inflation rates can be managed. Service Charges based on actual cost recovery.	Moderate	Medium
Interest rate increases (Negative Risk) The impact on the cost of borrowing and therefore assessment of affordability of the capital programme**.**	Interest rates in the plan have been forecast to increase over the medium term assuming they will not stay at the current low rates.	Moderate	Medium
Rent and Service Charges (Negative Risk) The Government could change its commitment to a 5-year rent policy of CPI+1% rent increases. Service charges may not be fully recovered.	Lower than anticipated rent increases would require reductions in spending plans within the plan and need to reassess the assumptions. Service charge costs are forecast based on current actual costs any increase above the forecast would be considered in the following year with the same applying if there are reductions.	Unlikely	High
Stock Investment (Negative Risk) Investment needs exceed planned expenditure due to unforeseen investment requirements or changes to the prescribed standards.	Revised HRA Asset Management Strategy to be considered alongside this plan. The investment plan is based upon stock condition information. Stock viability assessments are undertaken. There is additional coverage in the plan to deal with cost increases or additional expectations.	Moderate	High
Right to Buy Sales (Negative/Positive Risk) External factors mean that RTB sales in terms of numbers or value are either higher or lower than forecast without a corresponding change to stock through acquisition or new build.	RTB assumptions are adjusted annually based on the prior year trend. Despite the lower number in 2020/21 the forecast in the plan is based on the current trend which has picked up in the first half of 2021/22. There is a tapering assumption built into the plan. The new build in the plan is not a direct replacement for the RTB sales and therefore it is unlikely plans would be altered dependent on the RTB sales.	Moderate	Low
Anticipated Savings/ efficiencies are not achieved (Negative Risk) The plan includes efficiency savings required in order to ensure investment plans are sustainable.	Regular monitoring and reporting takes place. The cumulative impact over the medium term may make savings in the later years more challenging. Non achievement of savings/efficiencies will require a reassessment of investment priorities.	Moderate	High

Risk	Risk Management	Likelihood	Impact
Welfare Reform (Negative Risk) Tenants and leaseholders impacted by welfare changes have insufficient income to pay the rent/service charges. There could also be an increase in the need for Council housing services.	The impact of welfare reform continues to be planned for and monitored through the Council Scrutiny Framework.	Likely	Medium
Legislative Change (Negative Risk) New legislation/regulation is introduced which results in increased financial pressures**.**	Ongoing tracking and horizon scanning in relation to emerging policy and legislation and an annual review through the business plan updated.	Moderate	High
Brexit (Negative Risk) The impact of Brexit has created economic instability the impact of which could lead to additional cost pressures either directly or indirectly.	Continue to work collaboratively with treasury advisors to assess potential budget impacts whilst the Government attempts to ensure an effective transition to a new economic relationship between the U.K. and the EU, including clarifying the procedures and broad objectives that will guide the process.	Likely	Medium/ High

7. Conclusion

7.1 The revised HRA business plan together with the HRA Asset Management Strategy ensure that the HRA investment plans are sustainable over the medium and longer term. This plan confirms the priority given to ensuring the Council's homes are safe and fully compliant with building legislation and regulation and will make a significant contribution to the Residential Growth Strategy with a planned HRA funded development programme of 400 new homes over the next 10 years.

7.2 Despite this there are still challenges within this plan and assumptions made regarding future costs that will need to be kept under constant review. Savings outlined in the plan will need to be delivered to ensure the sustainability of the HRA and therefore robust savings plans will be developed to underpin their delivery.

Appendix 1

HRA Operating Account 30 Years

Year	Year	Rental Income £'000	Service Charge Income £'000	Void Losses £'000	Non-Dwelling Rents £'000	Charges For Services £'000	Other Income £'000	**Total Income £'000**	Supervision and Management £'000	Responsive & Cyclical Repairs £'000	Depreciation £'000	Debt Mgmt Expenses £'000	Bad Debts £'000	**Total Expenditure £'000**	**Net Cost of HRA Services £'000**	Interest Charges £'000	**Surplus / (Deficit) in Year on HRA Services £'000**	Repayment of Arranged Loans £'000	Revenue Contribution to Capital £'000	**Surplus / (Deficit) for the Year £'000**	**HRA Reserve Opening Balance £'000**	Interest Earned £'000	**HRA Reserve Closing Balance £'000**
1	2021/22	76,396	2,446	-3,056	1,312	1,853	931	79,881	-27,143	-23,269	-15,310	-70	-700	-66,491	13,390	-12,029	1,362	-14,305	-6,376	-19,320	30,785	178	11,644
2	2022/23	77,240	2,475	-3,168	1,332	2,042	950	80,870	-26,684	-23,149	-15,509	-71	-756	-66,169	14,700	-12,044	2,657	-873	-2,900	-1,117	11,644	117	10,644
3	2023/24	78,188	2,374	-2,442	1,352	2,093	973	82,537	-26,955	-23,118	-15,785	-73	-764	-66,695	15,842	-12,241	3,601	-11,293	-0	-7,692	10,644	81	3,032
4	2024/25	80,799	2,336	-1,620	1,372	2,145	998	86,030	-27,251	-22,977	-15,819	-75	-789	-66,911	19,119	-11,936	7,183	-3,764	-0	3,419	3,032	57	6,508
5	2025/26	80,308	2,311	-1,529	1,399	2,209	1,028	85,726	-26,079	-22,753	-16,200	-77	-784	-65,893	19,834	-11,895	7,938	-4,517	-0	3,421	6,508	42	9,971
6	2026/27	81,401	2,319	-1,372	1,427	2,276	1,028	87,078	-26,766	-22,634	-16,536	-80	-794	-66,809	20,269	-11,823	8,446	-10,270	-0	-1,824	9,971	0	8,147
7	2027/28	82,683	2,349	-1,359	1,456	2,344	1,028	88,500	-27,239	-23,003	-16,941	-82	-806	-68,072	20,428	-11,739	8,690	-10,000	-0	-1,310	8,147	0	6,837
8	2028/29	84,026	2,385	-1,588	1,485	2,414	1,028	89,749	-27,900	-23,393	-17,376	-84	-820	-69,573	20,177	-11,749	8,428	0	-400	8,028	6,837	0	14,864
9	2029/30	85,390	2,421	-1,945	1,515	2,487	1,028	90,894	-28,578	-23,789	-17,822	-87	-833	-71,108	19,786	-11,566	8,220	-20,000	-84	-11,864	14,864	0	3,000
10	2030/31	88,544	2,508	-1,673	1,545	2,561	1,028	94,513	-29,276	-24,197	-18,278	-90	-864	-72,704	21,809	-11,638	10,171	-4,894	-5,277	0	3,000	0	3,000
11	2031/32	88,293	2,498	-1,392	1,576	2,638	1,028	94,640	-29,989	-24,617	-18,762	-92	-861	-74,321	20,319	-11,702	8,617	-4,000	-4,617	0	3,000	0	3,000
12	2032/33	89,799	2,538	-1,414	1,607	2,717	1,028	96,275	-30,723	-25,044	-19,259	-95	-876	-75,996	20,278	-11,698	8,580	0	-5,073	3,507	3,000	0	6,507
13	2033/34	91,202	2,578	-1,436	1,640	2,799	1,028	97,809	-31,476	-25,478	-19,769	-98	-889	-77,710	20,099	-11,674	8,425	-5,000	-6,932	-3,507	6,507	0	3,000
14	2034/35	92,493	2,619	-1,457	1,672	2,883	1,028	99,238	-32,250	-25,920	-20,245	-101	-902	-79,417	19,821	-11,605	8,215	-4,000	-4,215	0	3,000	0	3,000
15	2035/36	95,673	2,714	-1,507	1,706	2,969	1,028	102,582	-33,047	-26,369	-20,731	-104	-933	-81,184	21,398	-12,223	9,175	-7,529	-1,646	0	3,000	0	3,000
16	2036/37	95,122	2,702	-1,498	1,740	3,058	1,028	102,151	-33,860	-26,825	-21,229	-107	-928	-82,949	19,202	-12,242	6,960	0	-6,000	960	3,000	0	3,960
17	2037/38	96,459	2,745	-1,520	1,775	3,150	1,028	103,637	-34,698	-27,290	-21,738	-110	-941	-84,777	18,860	-12,497	6,363	0	-2,000	4,363	3,960	0	8,323
18	2038/39	97,812	2,789	-1,541	1,810	3,244	1,028	105,141	-35,558	-27,763	-22,258	-113	-954	-86,646	18,495	-12,854	5,641	0	-0	5,641	8,323	0	13,964
19	2039/40	99,180	2,833	-1,563	1,846	3,342	1,028	106,665	-36,441	-28,243	-22,790	-117	-967	-88,558	18,107	-13,268	4,839	0	-0	4,839	13,964	0	18,803
20	2040/41	100,639	2,879	-1,586	1,883	3,442	1,028	108,284	-37,347	-28,742	-23,334	-120	-982	-90,526	17,759	-14,456	3,303	0	-0	3,303	18,803	0	22,106
21	2041/42	104,233	2,986	-1,643	1,921	3,545	1,028	112,070	-38,281	-29,260	-23,926	-124	-1,017	-92,608	19,462	-14,932	4,529	0	-0	4,529	22,106	0	26,635
22	2042/43	103,769	2,977	-1,636	1,959	3,652	1,028	111,749	-39,235	-29,787	-24,533	-128	-1,012	-94,695	17,053	-15,412	1,641	0	-0	1,641	26,635	0	28,276
23	2043/44	105,367	3,028	-1,662	1,999	3,761	1,028	113,520	-40,217	-30,324	-25,154	-132	-1,028	-96,855	16,665	-15,867	799	0	-0	799	28,276	0	29,075
24	2044/45	106,987	3,079	-1,687	2,039	3,874	1,028	115,319	-41,225	-30,871	-25,791	-135	-1,044	-99,066	16,253	-16,329	-76	0	-0	-76	29,075	0	28,999
25	2045/46	108,630	3,131	-1,714	2,079	3,990	1,028	117,145	-42,261	-31,427	-26,443	-140	-1,060	-101,330	15,815	-16,821	-1,006	0	-0	-1,006	28,999	0	27,993
26	2046/47	110,296	3,184	-1,740	2,121	4,110	1,028	118,999	-43,324	-31,993	-27,111	-144	-1,076	-103,649	15,350	-17,344	-1,994	0	-0	-1,994	27,993	0	25,999
27	2047/48	114,221	3,303	-1,802	2,163	4,233	1,028	123,146	-44,419	-32,570	-27,796	-148	-1,115	-106,047	17,098	-17,696	-598	-6,150	-0	-6,747	25,999	0	19,252
28	2048/49	113,698	3,293	-1,794	2,207	4,360	1,028	122,791	-45,538	-33,156	-28,497	-152	-1,109	-108,453	14,338	-18,175	-3,837	0	-0	-3,837	19,252	0	15,415
29	2049/50	115,434	3,348	-1,822	2,251	4,491	1,028	124,730	-46,690	-33,754	-29,215	-157	-1,126	-110,942	13,788	-18,846	-5,058	0	-900	-5,958	15,415	0	9,457
30	2050/51	117,469	3,411	-1,854	2,296	4,626	1,028	126,975	-47,873	-34,399	-29,950	-162	-1,146	-113,531	13,444	-19,752	-6,308	0	-0	-6,308	9,457	0	3,149