

COUNCIL
5 APRIL 2022

TO ANSWER ANY QUESTIONS UNDER THE PROVISIONS OF COUNCIL PROCEDURE RULE 10.2

HRA Future Borrowing - Question from Councillor David Whittington

- "1. At February Council we were advised that the HRA would not be making any specific provision to repay future borrowings associated with building new council houses. Could the leader please confirm that that is indeed Council policy.*
- 2. If the answer to point 1 is "yes" can the Leader please confirm when Council decided this policy*
- 3. If the answer to point 1. Is "no" can the Leader explain why she did not correct the statement at February Council and explain current Council policy on this matter"*

Response

The "Minimum Revenue Position Policy Statement" was approved as part of the wider Treasury Management Strategy in the February 2023 Council meeting. This made clear that WLBC is generally required to calculate a prudent provision which ensures that debt is repaid over a period that is broadly commensurate with the life of the capital expenditure it is funding, but that there is no such requirement on the HRA other than to ensure an annual charge is made for depreciation. The policy and the Treasury Management Strategy reflect WLBC capital programmes in the whole rather than individual schemes.

The proceeds of the HRA depreciation charge are paid into a reserve, which may then be used either to fund future capital expenditure or to repay debt. Such repayments will be made at appropriate points in the 30-year Business Plan and in the life cycles of assets. The key in regard to HRA new build is overall affordability within the HRA 30 year business plan, since new build housing is only a part. You will recall that Council approved a 30 year HRA capital programme in February of around £305m, excluding new build. Financing and debt repayment decisions therefore will look at the needs of the whole programme over the whole period. The result is that prudent and affordable provision will be made for the repayment of debt, but there is no specific annual charge directly to the HRA for this.

These accounting arrangements have been in place since the implementation of HRA Self-Financing in April 2012.