

Housing Revenue Account Caps

Purpose of report

For discussion.

Summary

On 3 October the Prime Minister Theresa May announced that the Housing Revenue Account (HRA) borrowing cap will be lifted.

This is a significant victory for the LGA. The removal of the borrowing cap has been an LGA priority and a focus of sustained lobbying since it was introduced as part of the self-financing agreements in 2012. The majority of councils are close to their cap and the decision to lift it will allow them to build more of the quality affordable homes that local communities need.

Ministry of Housing, Communities and Local Government officials have confirmed that the Ministry will look to lift the caps as soon as possible, so that councils can borrow prudentially to build more homes. The legislation requires it to consult with councils before it can revoke existing determinations specifying the current borrowing caps.

It is important that the Treasury listen to councils and partners and move quickly to fully implement the scrapping of the cap.

Recommendation

Members to note report and determine next steps.

Action

Officers to progress as directed.

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