

**Housing Revenue Account (HRA)  
HRA Business Plan**

**1. HRA Business Plan Overview**

- 1.1 Following the introduction of self- financing for Housing Revenue Accounts in April 2012, the council has developed an HRA Business Plan which sets out priorities for investment in council housing in the Borough.
- 1.2 The HRA settlement meant that the council will benefit from reduced HRA expenditure, as the cost of servicing the HRA debt figure is lower than the amount that was being paid treasury in the form of negative subsidy.
- 1.3 In addition, the settlement provided the council with the opportunity to borrow an additional £38m as a result of headroom generated by differences between the actual HRA debt and the amount assumed in the settlement.
- 1.4 An updated HRA Business Plan was agreed by the council's Housing Committee in October 2015 to take account of a number of national policies that impact on the HRA, including:
  - **Rents Policy** – social housing rents will reduce by 1% per annum for the next 4 years
  - **Right to Buy** - sales have increased following the enhancement of the Right to Buy scheme for council tenants
  - **Sale of high value homes** – local authorities will pay a levy to the Government which assumes that high value council homes will be sold as they become empty
  - **Pay to Stay** – council tenants earning more than £40,000 a year will pay a higher rent, which could increase Right to Buy sales.
  - **Welfare Reform** – is expected to see an increase in bad debt

**2. HRA Priorities**

- 2.1 The following priorities have been identified in the HRA Business Plan:
  - Maintaining the quality of the existing supply of council housing
  - Investment in the delivery of new affordable homes for rent
  - Increasing the supply of housing to help tackle homelessness
  - Investment in new homes for vulnerable people
  - Efficient and effective services

**3. Investment Plan**

- 3.1 The following allocations of funding have already been agreed and are progressing:

**Existing Stock** - Investment of £195m over the period 2015/16 to 2024/25

**New Homes** – Investment of £8.3m to deliver an initial tranche of 40 new homes on infill sites on HRA land in the borough.

**Supported Housing** - £12.3m for a new supported housing scheme at Morton Close

**Regeneration-** £8.7m for advanced acquisitions on Regeneration Estates

- 3.2 In addition, the HRA Business Plan considers two scenarios, which are dependent on whether the council's Arm's Length Management Organisation (ALMO), Barnet Homes, is successful in establishing a Registered Provider (RP) to build and own new homes on HRA land.
- 3.3 If the RP is approved by the Homes and Communities Agency, the new homes it provides will be built with the aid of a loan from the Council (subject to approval by the Policy and Resources Committee). This will free up resources within the HRA to acquire properties on the open market for use as council housing, as well as provide a small number of new homes on infill sites within the HRA.
- 3.4 If the RP does not proceed, there are enough resources within the HRA for the council to build 120 new council homes on HRA land itself.
- 3.5 In both scenarios, the council intends to use the HRA to fund additional extra care housing in addition to the Moreton Close scheme.