Appendix D

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 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 to 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 The current HRA business plan takes 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 4 years from 2016.
- **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 may pay a levy to the government which assumes that high value council homes will be sold as they become empty. This will fund an extension of right to buy to housing association tenants. Authorities have received confirmation that no levy will be payable in 2017/18.
- **Pay to stay** – A proposal to see council tenants earning more than £40,000 per year paying higher rents, which could increase right to buy sales
- **Welfare Reform** – is expected to see an increase in bad debt.

1.5. The government has recently clarified that it will not proceed with the pay to stay proposals, and will delay the implementation of the Sale of High Value homes, and the HRA Business Plan will be adjusted to take these changes into account.

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 to 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 (for 16/17 to 19/20) and are progressing:

Existing stock – Investment of £80.2m for repairs and maintenance

Burnt Oak Broadway flats - £5m to provide new additional flats

Supported Housing – £14.5m for supported scheme at Morton close

Direct Acquisitions - £6m funding to enable the purchase of additional housing stock

Regeneration - £13.4m for advanced acquisitions on regeneration estates

Extra care Pipeline - £24.2m to provide additional supported housing.

Tranche 3 - £10.586m to support Open Door Homes

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) Open Door Homes, to build and own new homes on HRA land.

3.3 If the RP is approved by the Homes and Communities Agency (HCA), the new homes it provides will be built with the aid of a loan of £57.5m from the council which was approved by Policy and Resources Committee in February 2016. 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.