Appendix G

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 as a result of headroom generated by differences between the actual HRA debt and the amount assumed in the settlement, with the latter used to determine the debt cap. However, in October 2018, the government removed the debt cap and the HRA is now subject to the same prudential borrowing rules as the General Fund. The removal of the debt cap provides an opportunity to increase the supply of affordable homes in the borough as it means that the council can borrow more to support the acquisition or building of new homes.

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 and will increase up to the Consumer Prices Index (CPI) plus 1% for five years from April 2020. The government has recently consulted on its' proposals for social housing rents and the outcome of this is expected in due course.
- **Right to Buy** – sales increased following the enhancement of the Right to Buy scheme for council tenants
- **Welfare Reform** – the implementation of Universal Credit may result in 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 to rent
- Increasing the supply of housing to help tackle homelessness
- Investment in new homes for vulnerable people, including wheelchair users and older people
- Efficient and effective housing services

3. Investment Plan

3.1 The following allocations of funding have already been agreed (for 18/19 onwards) and are progressing:

- **Existing stock** – Investment of £74.7m for repairs and maintenance
- **HRA Fire Safety Programme -** investment of £13.4 with an additional £34.5m proposed to meet the cost of fire safety improvements
- **Burnt Oak Broadway flats -** £5m to provide new additional flats
- **Supported Housing** - £6.3m for supported scheme at Ansell Court (formerly Moreton Close)
- **Regeneration** - £4.7m for advanced acquisitions on regeneration estates
- **Extra care Pipeline -** £35.5m to provide additional supported housing.

In addition to the above, the Business Plan also includes a number of proposals as follows:

- **Direct Acquisitions** - £30m to acquire 100 homes for affordable rent
- **New Build Programme** - £33m to build 87 new properties
- **General Development** - £46m to build 200 properties

3.2 New homes funded by the HRA will compliment a programme already in place whereby OpenDoor Homes, a Registered Provider, which is part of the Barnet Group, is building more than 350 new homes with the aid of a loan from the council.