

**CABINET - MONDAY, 17TH OCTOBER, 2016**

**SUPPLEMENTARY PAPERS**

The following Paper was tabled at the meeting.

| <b><u>AGENDA<br/>ITEM</u></b> | <b><u>REPORT TITLE</u></b>                      | <b><u>PAGE</u></b> | <b><u>WARD</u></b> |
|-------------------------------|---|--------------------|--------------------|
| 5.                            | Housing Revenue Account Business Plan 2016-2046 | 1 - 8              | All                |

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**Cabinet**  
**17<sup>th</sup> October 2016**  
**Housing Revenue Account (HRA)**  
**Business Plan 2016 - 2046**

# Introduction

- The Council's 7,100 homes are its most valuable physical asset.
- HRA Business Plan sets out financial projections of income and expenditure over 30 years.
- SBC needs to develop a long term plan for its housing stock.
- HRA solvent in the short term:
  - £100m investment in existing homes over next 7 years.
  - £40m investment in new council homes

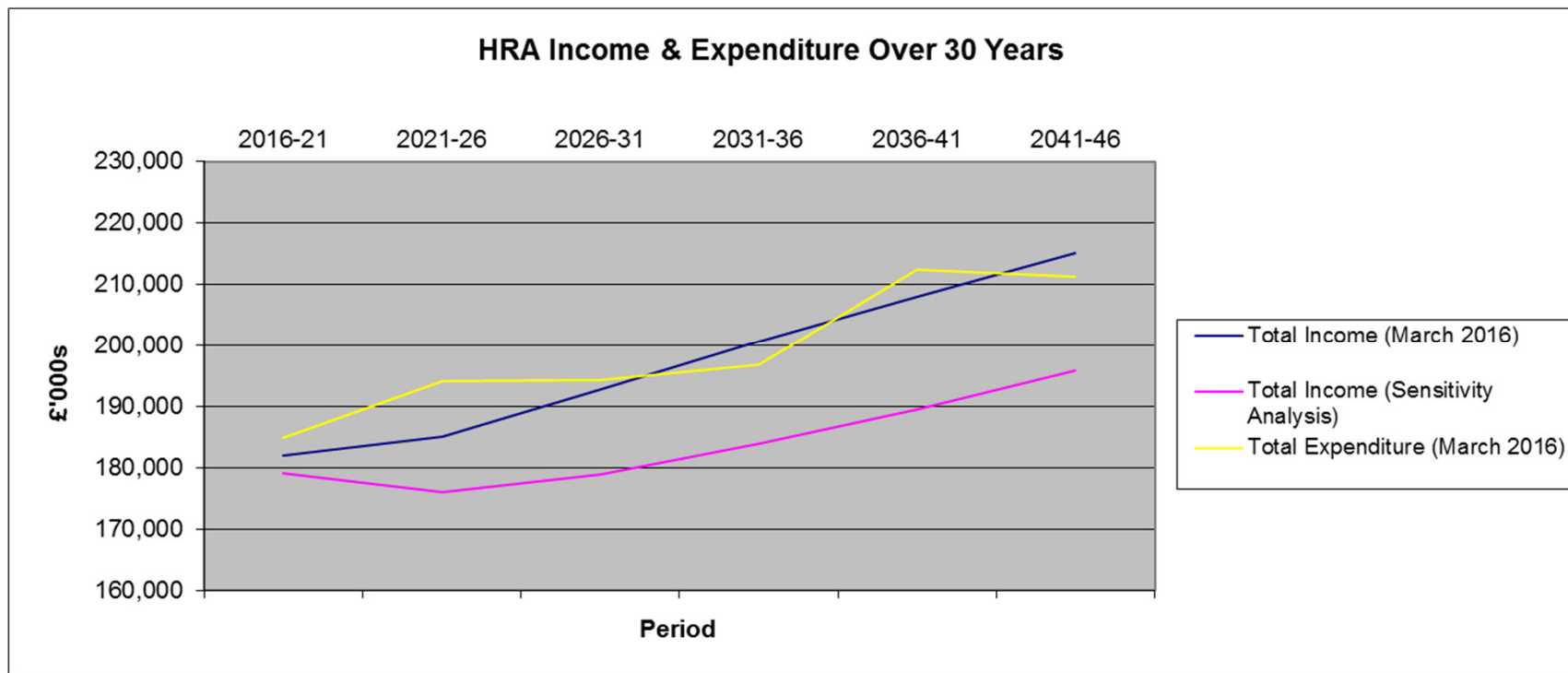
**BUT:**

- The landscape for council housing is changing quickly
- There are major threats and uncertainties to be addressed

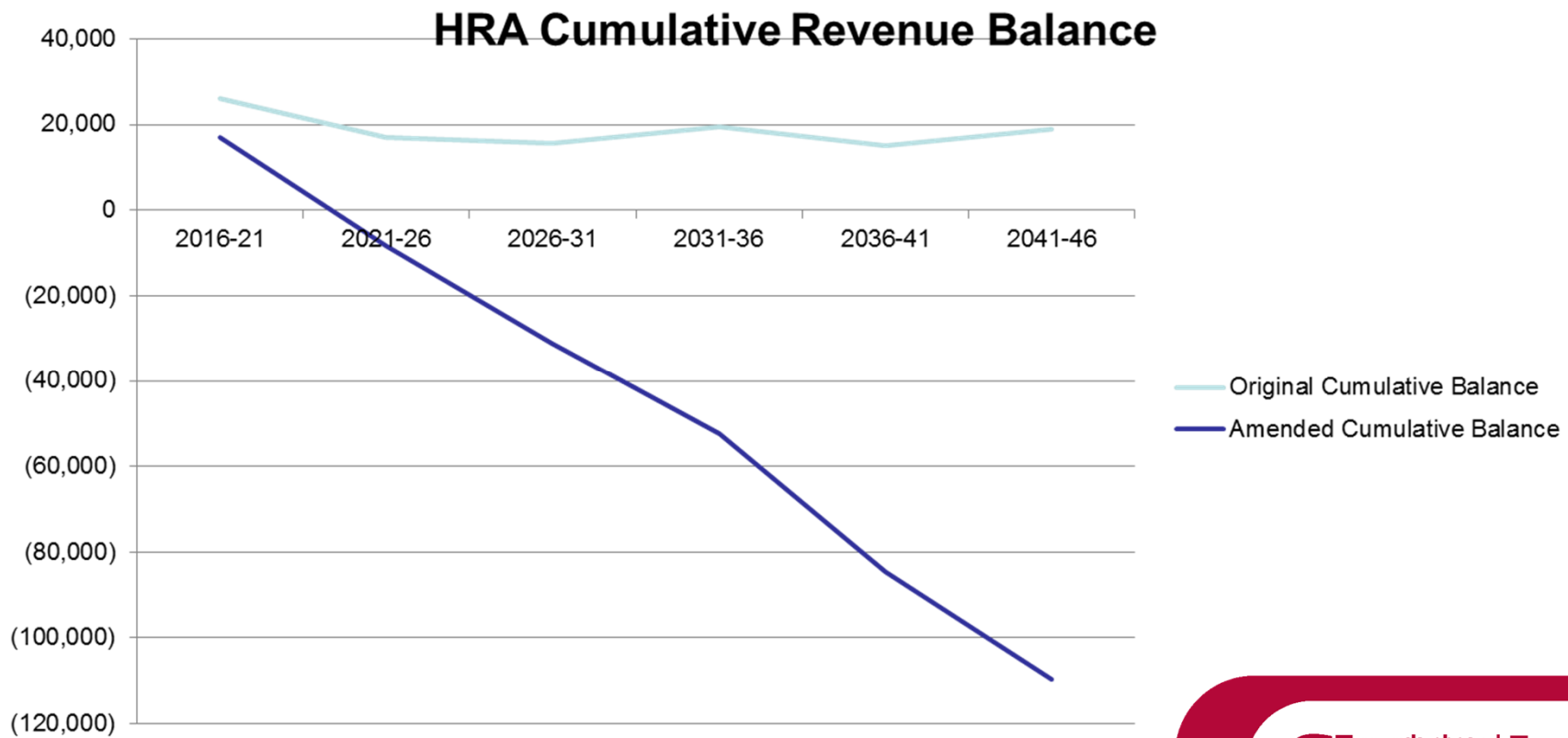
# Threats & Uncertainties

- Government has torn up HRA “Self-Financing” agreement of 2012.
- 1% annual reduction in rents for 4 years from 2016/17 with uncertainty beyond that. Already taken £36m from Business Plan.
- Mandatory annual payment to Government following sale of higher value voids.
- “Pay to Stay” will increase rents for households with incomes over £31,000, with proceeds flowing back to the Treasury.
- Welfare Reform, including Universal Credit will make income collection more difficult
- Information about the condition of Council homes needs updating - survey will report in January 2017.

# HRA Income and Expenditure



# HRA Cumulative Revenue Balance



# Rents on New Build

| Monthly Rents |                      |              |           |                         |
|---------------|----------------------|--------------|-----------|-------------------------|
| Property Size | Council Target Rents | Market Rents |           | Local Housing Allowance |
|               |                      | Full         | 80%       |                         |
| <b>1 Bed</b>  | £394.90              | £900.00      | £720.00   | £656.50                 |
| <b>2 Bed</b>  | £474.80              | £1,100.00    | £880.00   | £840.32                 |
| <b>3 Bed</b>  | £553.80              | £1,450.00    | £1,160.00 | £1,061.19               |
| <b>4 Bed</b>  | £607.45              | £1,600.00    | £1,280.00 | £1,449.19               |



# Rationale

- Additional income may be required to underpin the HRA, including existing homes.
- Additional income could fund building more new homes.
- Still available to households on Housing Benefit
- “Pay to Stay” will mean higher rents anyway, with money going to the Treasury.

But:

- Will not affect existing tenants
- Review in March 2017

# Summary and Next Steps

- HRA solvent in the short-term but there are major uncertainties and threats to be addressed which may affect viability.
- Consultation with residents over this plan.
- Major review of the Business Plan in March 2017 when position should be clearer.
- SBC needs to develop a long term plan for its housing stock.
- Proposal is to launch, in partnership with tenants and leaseholders, a major Option Appraisal on the future of council homes.