

Cabinet

17th 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

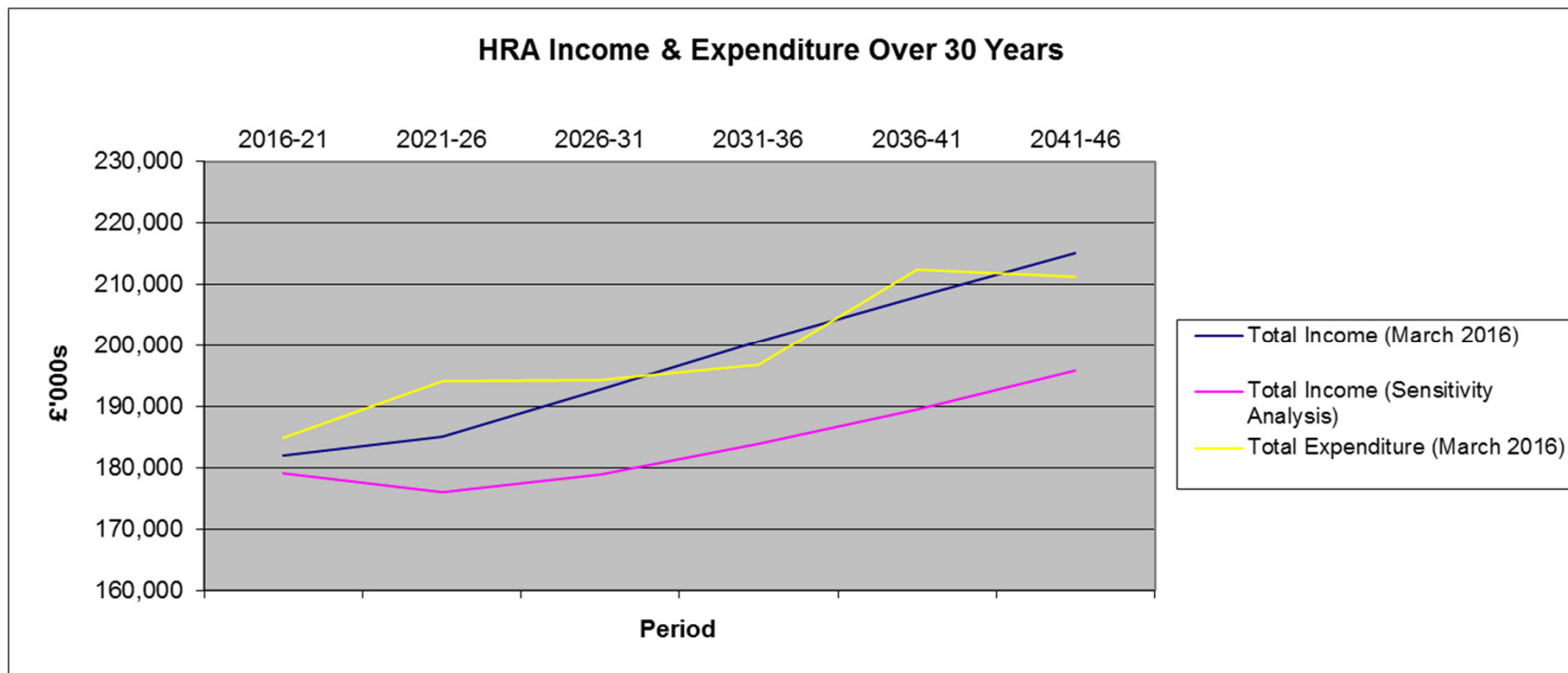
BUT:

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

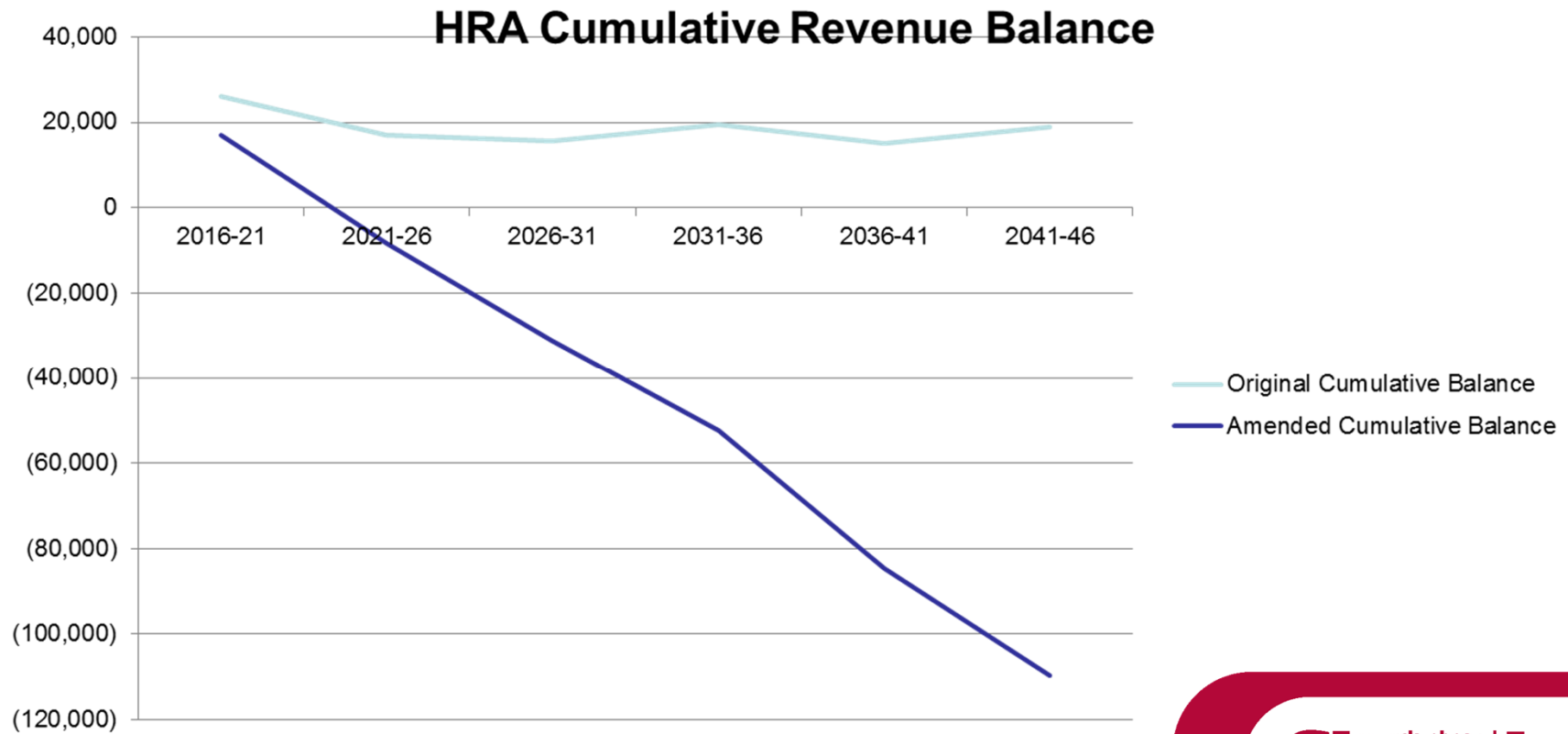
Threats & Uncertainties

- 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%	
1 Bed	£394.90	£900.00	£720.00	£656.50
2 Bed	£474.80	£1,100.00	£880.00	£840.32
3 Bed	£553.80	£1,450.00	£1,160.00	£1,061.19
4 Bed	£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.