

HOUSING REVENUE ACCOUNT

Introduction

- 1 The Housing Revenue Account (HRA) is a record of revenue expenditure and income, relating to the authority's own housing stock, i.e. it reflects the council's landlord role. There can be no cross-subsidy between the General Fund and the HRA, although legitimate charges flow between the accounts. Any balances on the HRA at the end of the year are carried forward within the HRA to the next year. The council must agree and publish an annual budget for the HRA.
- 2 A detailed report on the HRA budget for 2014/15 is being considered by the Executive on 17 February 2014. That report set out proposals for an overall rent increase of 4.39% for the main properties within the stock. This is in line with the government's rent restructuring policy. The HRA budget is formally agreed by Full Council when this report is considered at its meeting on 3 March 2014.

The HRA Budget 2014/15

- 3 The 2014/15 HRA budget includes the following:
 - An inflation allowance of 1% for pay, an increase in the Employer's Superannuation Contributions for BHP staff from 17.8% to 18.8%. For non pay price rises, a general increase of 0% has been used, except for repairs, cleaning, grounds maintenance and gas servicing which have been increased in line with the inflation provisions set out in their contracts.
 - The government's implementation of its rent restructuring policy continues into 2014/15 and, under the national formula, individual rents should increase by 3.7% + 0.5%. However, the impact on tenants will be cushioned by "caps and limits", which generally means that in 2014/15 no rent will increase by more than 3.7% + £2.
 - An overall average rent increase of 4.39% (average £4.67 per dwelling per week) for the main properties within the stock. This increase is to be applied taking full account of the government's rent restructuring guidance.
 - An increase in service charges of 3.2%.
 - Net Savings after taking account of stock loss, efficiency and other savings of £591k.
 - Growth of £3.740m, comprising £90k for Council Tax on Empty Properties, £145kk for Rubbish Disposal Costs, £250k for legal fees, and £3.280m for depreciation (to be spent on HRA Capital Expenditure).
 - An estimated 8,445 HRA dwellings at 1st April 2014.
 - Rent collection assumed at approximately 97.7% of the rental income due.
 - The current level of HRA borrowing is expected to be £141m at 31 March 2014. Brent's HRA borrowing limit under HRA self financing is £199m; and the estimated HRA borrowing "headroom" is £58m.

- HRA Reserves brought forward from 2013/14 are estimated to be £511k. The HRA budget for 2014-15 assumes that £111k of these reserves will be used.
- The HRA is estimated to show a surplus of £400k at 31st March 2015.

4 Details of the HRA budget 2014/15 are shown in Appendix I (ii).

HRA Risks

- 5 The main risk associated with the HRA budget for 2014/15 are:
- Recovery of Leaseholder Service Charges (Major Work); and
 - Rent Collection – maintaining high collection performance and the impact of welfare reforms.

HRA Business Plan/HRA Asset Management Strategy

- 6 The Council's HRA Business plan is now updated regularly and shows that the HRA 30 year business plan is viable.
- 7 The HRA asset management strategy was approved by the Executive in November 2013 and sets out the long term approach to the maintenance and development of the Council's housing in order to best meet its housing objectives. The HRA Asset Management strategy encompasses plans stock investment, stock reform, development and rent policy.