

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 2015/16 is being considered by the Cabinet on 23 February 2015. That report set out proposals for an overall rent increase of 2.8% for the main properties within the stock. This is in line with the previously agreed Council policy and takes into account the government's recently updated rent restructuring policy. Members are requested to formerly agree the HRA budget at Full Council.

The HRA Budget 2015/16

- 3 The 2014/15 HRA budget includes the following:
 - An inflation allowance of 2.2% for pay, an increase in the Employer's pension contributions for BHP staff from 20.3% to 20.8%. 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.
 - An overall average rent increase of 2.8% (average £3.14 per dwelling per week) for the main properties within the stock. This increase is to be applied taking into account of the government's rent restructuring guidance and applying the agreed Council policy.
 - An increase in service charges of 0.4% amounting to an average increase of £0.03 per dwelling per week.
 - Net Savings after taking account of stock loss, efficiency and other savings of £264k.
 - Growth of £1.434m, all relating to the allowance for depreciation (to be spent on HRA Capital Expenditure).
 - An estimated 8,433 HRA dwellings at 1st April 2015.
 - Rent collection assumed at approximately 97.7% of the rental income due.
 - The current level of HRA borrowing is expected to be £140.6m at 31 March 2015. Brent's HRA borrowing limit under HRA self financing is £199.3m; and the estimated HRA borrowing "headroom" is £58.7m.
 - HRA Reserves brought forward from 2014/15 are estimated to be £1,178k. The HRA budget for 2015/16 assumes that £778k of these reserves will be used.
 - The HRA is estimated to show a surplus of £400k at 31st March 2016.
- 4 Details of the HRA budget 2015/16 are shown in Appendix I (ii).

HRA Risks

- 5 The main risk associated with the HRA budget for 2015/16 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.