

Report to Communities Select Committee

Date of meeting: 13 November 2018

Portfolio: Housing – Cllr S. Stavrou

Subject: Housing Revenue Account 30 year Plan

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Committee Secretary: Jackie Leither (01992 564756)



Recommendations/Decisions Required:

That the Select Committee considers the quarter 2 update to the Housing Revenue Account 30 Year plan 2018/19 and provides any feedback to the Housing Portfolio Holder and Service Director for Housing and Property accordingly.

Report:

1. In March 2018, the Council's latest Housing Revenue Account (HRA) 30 year plan (2018/19) was present to the select committee. The Financial Plan sets out the forecast income and expenditure for the Council's HRA for the following 30 years, to enable early decisions to be made based on these long term forecasts. Each year, the Financial Plan takes account of the latest budget figures, Council policy, Government policy and Council decisions, and makes assumptions for a range of future income and costs.
2. The quarter 2 report provides a six month review of the plan presented in March and has been produced by Simon Smith, the Council's HRA financial planning consultant with SD Smith Consultancy, in consultation with the Service Director of Housing and Property and Finance Officers.
3. The latest update report, as at October 2018, is attached as an appendix and takes account of slippage and other re-phasing within the Housebuilding programme. It also takes account of the revised depreciation calculation taking into account the updated useful life of components agreed as part of the return to the decent homes standard. There are also a number of other potential policy changes being proposed at Government level and more information on these is provided in the attached report.
4. The Financial Plan demonstrates that, despite the Government's policy that all social rents must be reduced by 1% per annum for four years, beginning in 2016/17, which clearly has an effect on rental income, the HRA continues to be in a reasonably healthy state, and that all of the current and planned HRA loans are able to be repaid within 24 years (or 25 years from April 2018), whilst maintaining a minimum HRA balance of £2 million throughout the Plan period.
5. The Select Committee is asked to consider the quarter 2 update to the Housing Revenue Account 30 Year plan and provide any feedback to the Housing Portfolio Holder and Service Director for Housing and Property accordingly.

6. The Cabinet has previously asked the Communities Select Committee to review changes to the HRA Financial Plan twice each year, at its scheduled meetings in October and March. In addition, senior Housing and Finance officers also formally review the Financial Plan in July and January each year too.