

CABINET 4TH FEBRUARY 2004

HOUSING REVENUE ACCOUNT ESTIMATES 2004/05

1. INTRODUCTION

- 1.1. On 7 January 2004, Cabinet considered the draft Housing Revenue Account estimates for 2004/05. Members were advised that the figures were subject to change once the final Subsidy Determination was received and once the final business unit allocations had been completed.
- 1.2 This report sets out in Appendix 1 the updated Housing Revenue Account and details below the variations from the January report.

2. VARIATIONS SINCE JANUARY

- 2.1 Dwelling Rents (£20,000). - The January report was based on an average rent increase of 3.61%. Updated Government figures used in calculating rent restructuring reduce the average rent increase to 3.47%. The impact of this is to reduce dwelling rent income by £20,000 and will result in an average rent increase of £2.15 per week from £61.92 to £64.07.
- 2.2 Government Subsidy (£-81,000). - The revision of various subsidy formula elements has reduced the amount payable by the Council to the ODPM by £68,000 and at the same time increased the Major Repairs Allowance payable to the Council by £13,000.
- 2.3 Other Income (£-7,000). - Other income has increased by £7,000. This is principally due to a greater element of costs being set off against capital receipts for Right to Buy administration.
- 2.4 Major Repairs Allowance (£13,000). - The increased MRA subsidy detailed in paragraph 2.2 provides an equivalent increase in expenditure allowable on Major Repairs.
- 2.5 Capital Expenditure Charged to Revenue (£250,000). - This budget is for environmental enhancements, as approved in the January cabinet report.
- 2.6 Supervision and Management (£75,000). - This budget increase reflects £109,000 of expenditure proposals approved in the January report, offset by savings of £34,000 in business unit allocations, principally from within Sheltered Housing.
- 2.7 Rent Rebates (£-40,000). - As rent rebate subsidy does not fully cover overpayments, nor the full cost of rebates until the Council's rents equal the formula rent, a net rebate cost remains in the HRA. This has been reassessed and has been reduced by £40,000 to £448,000.

3. H R A BALANCES

- 3.1 Excluding the expenditure proposals approved in January, the new variations set out in Section 2 result in an increase in the annual HRA surplus of £123,000.
- 3.2 The updated proposed Housing Revenue Account shows an annual surplus of £671,000 and will result in an estimated HRA balance at 31 March 2005 of £3.228m.
- 3.3 Officers are in the process of reconsidering the medium term business plan. As the level of balances are higher than previously anticipated, Members may wish, once the business plan is completed, to consider the opportunity for additional expenditure on Major Repair or Environmental Enhancements at that time.

4. TENANT PARTICIPATION / REVIEW PANEL

- 4.1 Members and Tenants supported the proposed budget. They were pleased to note the reinstatement of the funding to support Environmental Enhancements but hoped to see it increased once the medium term business plan has been reassessed.

5. PORTFOLIOHOLDER COMMENTS

- 5.1 The Portfolio Holder is pleased to note the financial position of the Housing Revenue Account and supports the recommendations in this report.

6. RECOMMENDATIONS

- 6.1 Cabinet is requested to consider the Housing Revenue Account and to recommend to Council:
- a) an increase of 3.47% (average) in rents for Council dwellings, in line with the rent restructuring guidelines.
 - b) approval of the updated budget set out in Appendix 1.

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| Further Information: Alfons Michel Principal Service Accountant Tel: (023) 8028 5713 e-mail: alfons.michel@nfdc.gov.uk | Background Papers: Housing Revenue Account Estimates 2004/05 (Report B) 7 January 2004 Rent Restructuring (Report B) 21 November 2001 |
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HOUSING REVENUE ACCOUNT ESTIMATES 2004/05

| | | DRAFT 2004/05 ESTIMATE £'000 | FINAL 2004/05 ESTIMATE £'000 | Variation £'000 |
|---------------------------------------|-----------|---|---|----------------------------|
| Dwelling Rents | 1 | -16,904 | -16,884 | 20 |
| Non Dwelling Rents | | | | 0 |
| Garages | 2 | -454 | -454 | 0 |
| Land & Buildings | 3 | -40 | -40 | 0 |
| Charges for Services & Facilities | 4 | -1,150 | -1,150 | 0 |
| Contributions towards Expenditure | 5 | -248 | -248 | 0 |
| Government Subsidies | | | | 0 |
| Housing Subsidy | 6 | 8,794 | 8,726 | -68 |
| Rent Rebates | 7 | 0 | 0 | 0 |
| Major Repairs Allowance | 8 | -3,127 | -3,140 | -13 |
| Housing Benefit Transfers | 9 | 0 | 0 | 0 |
| Interest Receivable | | | | 0 |
| Mortgage Interest | 10 | -4 | -4 | 0 |
| Balances Interest | 11 | -111 | -112 | -1 |
| Other | | | | 0 |
| Sales Administration Recharge | 12 | -107 | -113 | -6 |
| Shared Amenities Contribution | 13 | -114 | -114 | 0 |
| TOTAL INCOME | | -13,465 | -13,533 | -68 |
| Repairs & Maintenance | | | | |
| Major Repairs Allowance | 14 | 3,127 | 3,140 | 13 |
| Additional Contribution to Major Re | 15 | 361 | 361 | 0 |
| Capital Expenditure Charged to Rev | 16 | 0 | 250 | 250 |
| Cyclical | 17 | 983 | 983 | 0 |
| Disabled Facilities | 18 | 353 | 353 | 0 |
| Reactive | 19 | 2,294 | 2,294 | 0 |
| Supervision & Management | | | | 0 |
| General Management | 20 | 2,510 | 2,560 | 50 |
| Special Services | 21 | 1,731 | 1,756 | 25 |
| Homeless Assistance | 22 | 75 | 75 | 0 |
| Sale of Council Houses | 23 | 109 | 115 | 6 |
| Rents, Rates, Taxes and Other Charges | 24 | 25 | 25 | 0 |
| Rent Rebates | | | | 0 |
| General | 25 | 488 | 448 | -40 |
| Local Scheme | 26 | 0 | 0 | 0 |
| Provision for Bad Debt | 27 | 30 | 30 | 0 |
| Capital Financing Costs | 28 | 472 | 472 | 0 |
| TOTAL EXPENDITURE | | 12,558 | 12,862 | 304 |
| INCREASE IN RESERVE BALANCE | | 907 | 671 | 236 |
| BALANCES AS AT 31 MARCH 2005 | | 3,464 | 3,228 | |