

**CABINET 2 FEBRUARY 2005****HOUSING REVENUE ACCOUNT ESTIMATES 2005/06****1. INTRODUCTION**

- 1.1. On 5 January 2005, Cabinet considered the draft Housing Revenue Account estimates for 2005/06. 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 Contributions towards Expenditure (-£22,000). - The level of notional asset rental charges included in the supervision and management heading in the January Cabinet report had increased by £22,000. As these charges have no overall impact on the Housing Revenue Account, a corresponding increase of £22,000 has now been made to the Asset Rental Credit budget included within 'Contributions towards Expenditure'.
- 2.2 Housing Subsidy (£16,000). - The revision of various subsidy formula elements has increased the amount payable by the Council to the ODPM by £16,000.
- 2.3 Major Repairs Allowance (-£1,000). - An increase in the MRA subsidy reduces the Council's own contribution to Major Repairs by £1,000.
- 2.4 Supervision and Management (+£2,000). - Updating business unit cost allocations has resulted in a small overall increase of £2k in Supervision and Management costs.
- 2.5 Dwelling Rents - Revised Government figures on rent restructuring will result in an increase in the average projected rent from 3.62% to 3.63%.

**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 £5,000.
- 3.2 The updated proposed Housing Revenue Account shows an annual surplus of £390,000 and will result in an estimated HRA balance at 31 March 2006 of £3.863m.

**4. TENANT PARTICIPATION / REVIEW PANEL**

- 4.1 Tenants reported concern about the loss of budgetary provision for Environmental Enhancements at the Housing, Health and Social Inclusion Review Panel meeting on 19 January, but in general accepted the proposals in the 5 January report.

4.2 The Review Panel expressed their concern but believe there is no option due to the Decent Homes standard requirement.

## 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 3.63% (average) in rents for Council dwellings, in line with the rent restructuring guidelines.
- b) approval of the updated budget set out in Appendix 1.

<b>Further Information:</b>	<b>Background Papers:</b>
Alfons Michel Principal Service Accountant  Tel: (023) 8028 5713 e-mail: alfons.michel@nfdc.gov.uk	Housing Revenue Account Estimates 2005/06 (Report A) 5 January 2005  Rent Restructuring (Report B) 21 November 2001

**HOUSING REVENUE ACCOUNT ESTIMATES 2004/05**

	<b>DRAFT 2005/06 ESTIMATE £'000</b>	<b>FINAL 2005/06 ESTIMATE £'000</b>	<b>Variation £'000</b>
Dwelling Rents	-17,509	-17,509	0
Non Dwelling Rents			
Garages	-475	-475	0
Land & Buildings	-50	-50	0
Charges for Services & Facilities	-1,202	-1,202	0
Contributions towards Expenditure	-281	-303	-22
Government Subsidies			
Housing Subsidy	8,552	8,568	16
Major Repairs Allowance	-3,296	-3,297	-1
Interest Receivable			
Mortgage Interest	-3	-3	0
Balances Interest	-148	-148	0
Other			
Sales Administration Recharge	-117	-117	0
Shared Amenities Contribution	-118	-118	0
<b>TOTAL INCOME</b>	<b>-14,647</b>	<b>-14,654</b>	<b>-7</b>
Repairs & Maintenance			
Major Repairs Allowance	3,296	3,297	1
Additional Contribution to Major Repairs	1,454	1,453	-1
Environmental Enhancements	0	0	0
Cyclical	1,009	1,009	0
Disabled Facilities	362	362	0
Reactive	2,355	2,355	0
Supervision & Management			
General Management	2,673	2,660	-13
Special Services	1,891	1,906	15
Homeless Assistance	82	82	0
Sale of Council Houses	113	113	0
Rents, Rates, Taxes and Other Charges	26	26	0
Rent Rebates Cost	407	407	0
Provision for Bad Debt	30	30	0
Capital Financing Costs	564	564	0
<b>TOTAL EXPENDITURE</b>	<b>14,262</b>	<b>14,264</b>	<b>2</b>
<b>INCREASE IN RESERVE BALANCE</b>	<b>-385</b>	<b>-390</b>	<b>-5</b>
<b>TOTAL HRA RESERVES AT 31 MARCH</b>	<b>3,858</b>	<b>3,863</b>	