

CABINET 2ND FEBRUARY 2006**HOUSING REVENUE ACCOUNT ESTIMATES 2006/07****1. INTRODUCTION**

- 1.1. On 4 January 2006, Cabinet considered the draft Housing Revenue Account estimates for 2006/07. 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. Cabinet had also requested the Housing, Health and Social Inclusion Review Panel and Tenants Representatives to consider further the way in which the proposed garage rent increase might be financed. Feedback from the Panel has now been reflected in the proposals below and the revised estimates.
- 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 Housing Subsidy (£68,000) - The revision of various subsidy formula elements has increased the amount payable by the Council to the ODPM by £68,000.
- 2.2 Major Repairs Allowance (£37,000) - A decrease in the MRA subsidy increases the Council's own contribution to Major Repairs by £37,000, in order to maintain the approved capital programme level.
- 2.3 Rent rebates (-£10,000) – The final HRA subsidy determination has resulted in a small increase in limit rents. This will reduce the cost of rent rebates by an estimated £10,000 in 2006/07.
- 2.4 Support Services (£5,000) – The allocation in respect of support services is expected to increase by £5,000 compared to the January report.
- 2.5 Garage Rents (£144,000) – The Review Panel meeting agreed in principle with the need for the increase in garage rents, but after taking advice from the Assistant Director of Housing requested that the increase be phased in over a 3 year period, reducing the increase in 2006/07 from 50% to 20%. The remainder of the increase would be phased in over the following 2 years, subject to a review of the effect on demand and an analysis of other potential changes in the HRA budget situation. The change reduced anticipated garage rent income for 2006/07 by £144,000.
- 2.6 Cabinet have considered and agreed additional expenditure plan items on 4 January. Their impact on final business unit allocations was not yet determined at the time of writing this report. Any impact on the Housing Revenue Account estimates is not likely to be excessive and will be reported to the meeting orally.

3. H R A BALANCES

- 3.1 The new variations set out in Section 2 result in a decrease in the projected annual HRA surplus of £244,000.
- 3.2 The updated Housing Revenue Account shows an annual surplus of £128,000. It is recommended that this revised amount is set aside as Major Repairs Reserve to fund Decent Homes Standard expenditure commitments.

4. TENANT PARTICIPATION / REVIEW PANEL

- 4.1 Tenant's views have been sought at the 18 January Review Panel meeting and have been reflected in the revised garage rents proposal.

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 (subject to any variations reported orally to the meeting):
- a) an average increase of 4.3% in rents for 2006/07; in line with rent restructuring guidelines,
 - b) an increase of 96p per week in garage rents (plus VAT for garages let to non-council tenants),
 - c) approval of the allocation of the revised surplus amount of £128k to the Major Repairs Reserve,
 - d) approval of the updated budget set out in Appendix 1.

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Appendix A

	2005/06 ESTIMATE £'000	2006/07 ESTIMATE £'000
INCOME		
Dwelling Rents	-17,509	-18,075
Non Dwelling Rents		
Garages	-475	-568
Land & Buildings	-50	-50
Charges for Services & Facilities	-1,202	-1,225
Contributions towards Expenditure	-303	-313
Government Subsidies		
Housing Subsidy	8,569	9,582
Major Repairs Allowance	-3,297	-3,283
Interest Receivable		
Mortgage Interest	-3	-3
Balances Interest	-148	-180
Other		
Shared Administration Recharge	-117	-86
Shared Amenities Contribution	-118	-123
TOTAL INCOME	-14,653	-14,324
EXPENDITURE		
Repairs & Maintenance		
Major Repairs Allowance	3,297	3,283
Additional Contribution to Major Repairs	1,453	1,996
Cyclical	1,009	1,109
Disabled Facilities	362	444
Reactive	2,355	1,800
Supervision & Management		
General Management	2,660	2,736
Special Services	1,906	1,995
Homeless Assistance	82	89
Sale of Council Houses	113	86
Rents, Rates, Taxes and Other Charges	26	26
Rent Rebates	407	223
Provision for Bad Debt	30	30
Capital Financing Costs	564	379
TOTAL EXPENDITURE	14,264	14,196
HRA ACCOUNT SURPLUS (1)	-389	-128

Note 1: This is the projected surplus before any transfer to Reserves