

CABINET - 6 FEBRUARY 2008

HOUSING REVENUE ACCOUNT ESTIMATES 2008/09

1. INTRODUCTION

- 1.1 On 2 January 2008 Cabinet considered the draft Housing Revenue Account (HRA) Estimates for 2008/09. Members were advised that the figures were subject to change once the final Subsidy Determination (the final subsidy) was received and once the final business unit allocations had been completed.
- 1.2 The proposals also reflect the feedback received from the January meeting of the Housing Review Panel and from tenant's consultation.
- 1.3 The report sets out in Appendix 1 the updated HRA and details below the variations from the January report.

2. VARIATIONS SINCE JANUARY

- 2.1 The final subsidy confirmed the draft proposals and there were no variations to those items previously considered.
- 2.2 Insurance Premiums (£-30,000) - An extension to the current insurance premium contract has resulted in a saving to the Authority of £81,000 of which £30,000 is applicable to the HRA.
- 2.3 R&R Contribution (£-20,000) - The removal of the contributions to the Renewals and Replacement Reserve has resulted in savings to the HRA of £20,000.
- 2.4 Other Items (£-9,000) - There has been an increase in charges for payments to the Authority made using credit and debit cards, of which £5,000 relates to the HRA. This is more than offset by a £14,000 reduction due to lower than anticipated Superannuation charges, and has resulted in an overall saving of £9,000.

3. HRA BALANCES

- 3.1 The new variations set out in section 2 result in a decrease to the projected annual HRA shortfall of £59,000 to £429,000.

4. TENANT PARTICIPATION / REVIEW PANEL

- 4.1 Tenant's views have been sought at the 15 January Tenant's Consultative Group meeting and have not resulted in any additional requests for changes to the estimates.

- 4.2 The Housing Review Panel at their meeting on 16 January expressed some disappointment that the Government was imposing the rent restructuring which meant that the Council had to increase rents by 5%.

5. PORTFOLIO HOLDER COMMENTS

- 5.1 The Housing Portfolio Holder comments that she is pleased the Council continue to have a viable HRA. Whilst 2008/09 shows an annual deficit on the account she fully understands the reasons for this and although the Council is in this position earlier than anticipated, the overall Business Plan position is as expected.
- 5.2 Like the tenants, the Portfolio Holder is concerned that despite a 5% increase in rents the Government are still taking a substantial amount of money from the rental income in terms of negative subsidy. She is pleased that the Government are looking at this position and hope that an equitable solution is found in due course.

6. RECOMMENDATIONS

- 6.1 Cabinet is requested to consider the Housing Revenue Account and to recommend to Council (subject to any variations reported verbally at the meeting):
- An average increase of 5% in rents for 2008/09, in line with rent restructuring guidelines.
 - Approval of the updated budget set out in Appendix 1.

Further Information:

Alfons Michel
Principal Service Accountant
Tel: 023 8028 5714
Email: alfons.michel@nfdc.gov.uk

Background Papers:

Housing Revenue Account Estimates
2008/09
Report A; Cabinet, 2 January 2008

Rent Restructuring
Report G; Cabinet, 5 December 2001

HOUSING REVENUE ACCOUNT ESTIMATES

	2007/08 Estimate	2008/09 Estimate	Variation
INCOME			
Dwelling Rents	-19,282	-19,895	-613
Non Dwelling Rents			
Garages	-658	-702	-44
Land & Buildings	-50	-50	0
Charges for Services & Facilities	-1,172	-1,128	44
Contributions towards Expenditure	-152	-157	-5
Government Subsidies			
Housing Subsidy	10,295	11,237	942
Major Repairs Allowance	-3,311	-3,317	-6
Interest Receivable			
Mortgage Interest	-2	-2	0
Balances Interest	-264	-262	2
Other			
Sales Administration Recharge	-15	-15	0
Shared Amenities Contribution	-129	-133	-4
TOTAL INCOME	-14,740	-14,424	316
EXPENDITURE			
Repairs & Maintenance			
Major Repairs Allowance	3,311	3,317	6
Additional Contribution to Major Repairs	1,932	2,278	346
Environmental Enhancements	100	100	0
Cyclical	1,123	1,198	75
Disabled Facilities	459	459	0
Reactive	1,810	2,000	190
Supervision & Management			
General Management	2,900	2,953	53
Special Services	1,834	1,894	60
Homeless Assistance	79	81	2
Sale of Council Houses	49	50	1
Rents, Rates, Taxes and Other Charges	26	27	1
Rent Rebates	208	163	-45
Provision for Bad Debt	30	30	0
Capital Financing Costs	328	303	-25
TOTAL EXPENDITURE	14,189	14,853	664
HRA ANNUAL SURPLUS(-) / DEFICIT	-551	429	980