

# Supplementary Committee Agenda



## ***Finance and Performance Management Scrutiny Panel Tuesday, 12th January, 2010***

**Place:** Council Chamber, Civic Offices, High Street, Epping

**Room:** Council Chamber

**Time:** 7.00 pm

**Committee Secretary:** A Hendry - The Office of the Chief Executive  
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### **9. DETAILED BUDGETS REPORTS (Pages 3 - 30)**

(Director of Finance and ICT) The draft detailed budgets for the General Fund and Housing Revenue Account (HRA) for the panel to consider.

The HRA figures now attached.

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**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
ESTIMATES 2010/11**

## **HOUSING REVENUE ACCOUNT ESTIMATES 2010/11**

### **Introduction**

The Housing Revenue Account (HRA) has been prepared in accordance with the Local Government and Housing Act 1989, as amended by the Leasehold Reform, Housing and Urban Development Act 1993 and the Local Government Act 2003. Under this legislation the Secretary of State for the Department of Communities and Local Government (CLG) has the power to issue directives in respect of appropriate income and expenditure items and the calculation of central government subsidy entitlement. The 2010/11 budget conforms to the Housing Subsidy Determination, which was issued on 9 December 2009.

The balance at 31 March 2011 is expected to be £6.3m, after a deficit of £7,000 in 2009/10 and a surplus of £178,000 in 2010/11. The major influences on these figures have been the reduction in HRA Subsidy Payable from £11.193m in 2009/10 to £10.132m in 2010/11, a increase in rents and charges of £700,000, this has been offset against a reduction in interest income of £700,000.

The CLG have recently undertaken consultation on reforming Council Housing Finance with a preferred option for self-financing devolved system and the removal of the housing subsidy. The Government's preferred option is that each authority would be allocated a proportion of the total national housing debt, based on its ability to service that debt through rents. The opening debt level would be one based on the tenanted market value of the stock and each authority would be required to produce a thirty year business plan, which would include a stock valuation based on the present value of cash flows in the plan.

Councils are awaiting the outcome of the consultation and indications are that the CLG will be advising Councils in February 2010, with the possibility of Councils having the option to leave the subsidy system as early as April 2011.

### **Five Year Forecast**

An updated five year forecast to the year 2014/15 is to be produced in March 2010.

### **Supervision, Management and Maintenance**

Overall expenditure in 2009/10 has increased by around 1.24% in the revised 2009/10 estimates compared to the original estimate. In 2010/11 the cost of management and maintenance has increased by 1.79% on the original 2009/10 estimates. Costs have been kept down as much as possible, however, the increase is broadly inflationary.

### **Supporting People (Housing Counselling and Support)**

The Supporting People grant is paid by Essex County Council to fund the cost of support to tenants in sheltered housing who are in receipt of benefit. The actual uplift has yet to be agreed by the County Council but has been assumed at nil for the purposes of the budget.

### **Housing Repairs Fund**

The Housing Repairs Fund contribution is set at £5.6m for 2009/10 and 2010/11. Indications are that this may need to rise to £5.8m per year from 2011/12 onwards.

## **Capital Expenditure**

Capital expenditure charged to revenue is based on the latest predictions of availability of funds to finance the capital programme. The capital programme was approved by the Cabinet in November 2009.

## **Works Unit**

The housing works unit carries out a significant proportion of the repairs required to the Council's stock. The total cost of the unit is recharged to either the Housing Repairs Fund or (for capital projects) to the HRA Capital Programme.

## **Housing Subsidy**

The Council's Housing Subsidy has been negative for a number of years. Under the current rules, this sum has to be paid over to the CLG. The estimates for 2010/11 have been drawn up in accordance with the Housing Subsidy Determination for 2010/11.

## **Proposed Rent Increase**

From 2003/04 rents were set with reference to a new formula based on property values, number of bedrooms and local earnings. The scheme is referred to as rent restructuring, and its intention is to ensure that rents for broadly similar properties should be the same, regardless of whether the landlord is the local authority or a registered social landlord.

The rent for each property moves in equal steps towards its target rent up to 2011/12. This progression is limited by a maximum increase or decrease of £2 per week over inflation plus 0.5%, and is subject also to a predetermined maximum rent (cap) for each size of property. It was acknowledged that some rents would not reach their target rent by 2012 because of the £2 limit but none will be constrained by the cap. Any rents not reaching the target by 2012 would continue to move until such time as they did reach their target.

A central government review of rent restructuring in 2006/07 adjusted the original formula with effect from 2003/04 and raised the target rents to a level that could not be reached by the original target date of 2012.

The Government initially estimated as part of last years subsidy determination that for 2009/10 and 2010/11 the guideline rent would increase by 6.1%. However, following the Government decision after the Council had set its rent for 2009/10, to reduce the guideline rent to 3.1% and the average rent to 3.1% or below, the Government advised that it would review the then estimated average guideline rent increase for 2010/11 of 6.1%. As a result of that review, the Government has decided to consult through the draft housing subsidy determination for 2010/11 on an average guideline rent increase of 3.1%.

The Housing Subsidy determination for 2010/11 proposes to reduce the convergence down to 2013/14 from 2023/24 when the 2009/10 determination was issued.

## **Interest on Receipts and Balances**

The HRA interest income has fallen sharply during 2009/10 due to the 'credit crunch' which has resulted in interest rates falling to below 1%. However, even with a large reduction in income from interest the HRA is showing a surplus in the budget for 2010/11 mainly due to the changes in the guideline rent being imposed by Government and the fact that much of this lost interest is factored into the subsidy settlement in 2010/11.

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT SUMMARY**

<b>2008/09</b>	<b>2009/10</b>			<b>2010/11</b>
<b>Actual</b>	<b>Original</b>	<b>Revised</b>		<b>Original</b>
<b>£000's</b>	<b>Estimate</b>	<b>Estimate</b>		<b>Estimate</b>
<b>£000's</b>	<b>£000's</b>	<b>£000's</b>		<b>£000's</b>
			<b>EXPENDITURE</b>	
4,062	4,251	4,350	Supervision & Management General	4,337
3,657	3,689	3,728	Supervision & Management Special	3,800
462	378	413	Rents,Rates Taxes & Insurances	431
5,970	5,600	5,600	Contribution to Repairs Fund	5,600
<b>14,151</b>	<b>13,918</b>	<b>14,091</b>	<b>MANAGEMENT &amp; MAINTENANCE</b>	<b>14,167</b>
9,313	9,246	7,776	Depreciation	8,010
48	49	41	Treasury Management Expenses	41
10,842	11,193	9,751	HRA Subsidy Payable	10,132
55	104	55	Provision for Bad/Doubtful Debts	55
<b>34,409</b>	<b>34,511</b>	<b>31,715</b>		<b>32,406</b>
			<b>INCOME</b>	
24,473	25,454	25,188	Gross Rent of Dwellings	25,954
2,494	2,561	2,418	Non Dwellings Rent	2,606
1,683	1,781	1,920	Charges for Services & Facilities	1,928
316	305	298	Contribution from General Fund	314
<b>28,966</b>	<b>30,101</b>	<b>29,824</b>		<b>30,802</b>
<b>5,443</b>	<b>4,410</b>	<b>1,891</b>	<b>NET COST OF SERVICES</b>	<b>1,604</b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT SUMMARY**

<b>2008/09</b>		<b>2009/10</b>			<b>2010/11</b>
<b>Actual</b>	<b>Original</b>	<b>Revised</b>			<b>Original</b>
<b>£000's</b>	<b>Estimate</b>	<b>Estimate</b>			<b>Estimate</b>
<b>£000's</b>	<b>£000's</b>	<b>£000's</b>			<b>£000's</b>
5,443	4,410	1,891	NET COST OF SERVICES		1,604
(2,083)	(1,274)	(544)	Interest on Receipts and Balances		(537)
(4,695)	(4,468)	(2,998)	Transfer from MRR		(3,166)
731	189	723	Pensions Interest Payable/Return on Assets		723
<u>(604)</u>	<u>(1,144)</u>	<u>(928)</u>	<b>NET OPERATING INCOME</b>		<u>(1,377)</u>
			APPROPRIATIONS		
1,452	1,525	1,525	Capital Exp. Charged to Revenue		1,763
(688)	(24)	(640)	FRS 17 Adjustment		(614)
(81)	31	50	Transfer to Capital Reserves		50
<u>683</u>	<u>1,532</u>	<u>935</u>			<u>1,199</u>
<u>79</u>	<u>388</u>	<u>7</u>	<b>(SURPLUS)/DEFICIT FOR YEAR</b>		<u>(178)</u>
6,201	6,122	6,122	BALANCE BROUGHT FORWARD		6,116
79	388	7	(SURPLUS)/DEFICIT FOR YEAR		(178)
<u><b>6,122</b></u>	<u><b>5,734</b></u>	<u><b>6,116</b></u>	<b>BALANCE CARRIED FORWARD</b>		<u><b>6,294</b></u>

**HOUSING DIRECTORATE  
HOUSING REPAIRS FUND SUMMARY**

<b>2008/09</b>	<b>2009/10</b>			<b>2010/11</b>
<b>Actual</b>	<b>Original</b>	<b>Revised</b>		<b>Original</b>
<b>£000's</b>	<b>Estimate</b>	<b>Estimate</b>		<b>Estimate</b>
	<b>£000's</b>	<b>£000's</b>		<b>£000's</b>
			<b>EXPENDITURE</b>	
3,448	3,602	3,457	Responsive and Void Repairs	3,641
2,081	2,131	2,128	Planned & Cyclical Maintenance	2,390
114	214	179	Other items	182
<b>5,643</b>	<b>5,947</b>	<b>5,764</b>	<b>TOTAL EXPENDITURE</b>	<b>6,213</b>
<b>(5,970)</b>	<b>(5,600)</b>	<b>(5,600)</b>	<b>CONTRIBUTION FROM HRA</b>	<b>(5,600)</b>
<b>(327)</b>	<b>347</b>	<b>164</b>	<b>(SURPLUS)/DEFICIT FOR YEAR</b>	<b>613</b>
3,708	4,035	4,035	BALANCE BROUGHT FORWARD	3,871
(327)	347	164	(SURPLUS)/DEFICIT FOR YEAR	613
<b>4,035</b>	<b>3,688</b>	<b>3,871</b>	<b>BALANCE CARRIED FORWARD</b>	<b>3,258</b>



**HOUSING DIRECTORATE  
MAJOR REPAIRS RESERVE SUMMARY**

2008/09		2009/10			2010/11
<i>Actual</i>	<i>Original</i>	<i>Revised</i>			<i>Original</i>
<i>£000's</i>	<i>Estimate</i>	<i>Estimate</i>			<i>Estimate</i>
<i>£000's</i>	<i>£000's</i>	<i>£000's</i>			<i>£000's</i>
			<b>EXPENDITURE</b>		
4,989	5,265	6,503	CAPITAL EXPENDITURE		5,143
4,695	4,468	2,998	TRANSFERRED TO HRA		3,166
<b>9,684</b>	<b>9,733</b>	<b>9,501</b>	<b>TOTAL EXPENDITURE</b>		<b>8,309</b>
<b>(9,313)</b>	<b>(9,246)</b>	<b>(7,776)</b>	<b>DEPRECIATION</b>		<b>(8,010)</b>
<b>371</b>	<b>487</b>	<b>1,725</b>	<b>(SURPLUS)/DEFICIT FOR YEAR</b>		<b>299</b>
7,290	6,919	6,919	BALANCE BROUGHT FORWARD		5,194
371	487	1,725	(SURPLUS)/DEFICIT FOR YEAR		299
<b>6,919</b>	<b>6,432</b>	<b>5,194</b>	<b>BALANCE CARRIED FORWARD</b>		<b>4,895</b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
SUPERVISION AND MANAGEMENT GENERAL**

**Policy and Management**

The increase in budgets for the revised 2009/10 and the 2010/11 estimates are mainly due to consultancy fees for the management of the Works Unit until the appointment of a Repairs Management Contractor anticipated to be around August of 2010. This funding was vired from the salary underspend on the Works Unit.

**Sale of Council Houses**

The increase in budgets for the revised 2009/10 and the 2010/11 estimates are due to a decrease in house sales which has had a significant impact on the administration costs reclaimed and the staff time allocations.

**Capital Monitoring**

The decrease in the 2009/10 and 2010/11 budgets relates to support service recharges.

**Business Premises**

The increase between the revised 2009/10 and the 2010/11 budget is mainly due to inflationary increases. The increase in budgets between original and revised 2009/10 estimates are mainly due to the allocation of a new recharge for CCTV.

**Pay & Display Car Parks**

The increase relates to a proportion of the car park management contract and related staff cost in relation to the pay and display car park at Vere Road.

**Housing Computer System**

The investigation work to replace the current housing ohms system will take place during 2010/11.

**Tenant Participation**

There are no significant variances.

**Contribution to General Fund**

There are no significant variances.

**Repairs Management**

The increase between original and revised 2009/10 budgets is due to a change in the allocation of related staff costs for legal services and housing maintenance. Management staff from the Works Unit have been budgeted to transfer to Housing Repairs in 2010/11, this has altered the allocation of related staff costs for Housing Repairs. This has no impact on the budget.

**Managing Tenancies**

The increase between original and revised 2009/10 budgets and the decrease between revised 2009/10 and original 2010/11 budgets relates to the vacancy allowance of 2% of HRA salaries. This has been off set by reduced staff allocations and a reduction in professional fees.

**Waiting Lists and Allocations**

The revised 2009/10 budget includes computer expenses for choice based lettings which are financed by a contribution from the Government.

**Rent Determination & Collection**

The increase in estimates is due to an increase in postage cost of £4,000 during 2009/10 following the Government announcement to reduce rents in the year to 3% and from changes to staff time allocations.

**Housing Management Support Services**

The budget decrease in both years over the original 2009/10 costs is due to staff time allocation changes.

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
SUPERVISION & MANAGEMENT GENERAL**

<b>2008/09</b>	<b>2009/10</b>			<b>2010/11</b>
<b>Actual</b>	<b>Original</b>	<b>Revised</b>		<b>Original</b>
<b>£000's</b>	<b>Estimate</b>	<b>Estimate</b>		<b>Estimate</b>
	<b>£000's</b>	<b>£000's</b>		<b>£000's</b>
293	314	345	Policy and Management	335
93	60	79	Sale of Council Houses	88
119	118	103	Capital Monitoring	102
236	269	317	Business Premises	331
22	18	38	Pay and Display Car Parks	44
0	10	0	Housing Computer System	10
73	82	75	Tenant Participation	80
602	723	724	Contribution to General Fund	720
799	870	875	Repairs Management	866
856	797	819	Managing Tenancies	766
331	345	353	Waiting Lists & Allocations	350
478	480	491	Rent Determination & Collection	501
160	165	131	Housing Management Support Services	143
<b>4,062</b>	<b>4,251</b>	<b>4,350</b>		<b>4,337</b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
SUPERVISION AND MANAGEMENT SPECIAL**

**Aged Persons Management**

The increase in budget for original 2010/11 are due to changes in salary allocations and inflation.

**Aged Persons Support**

The reduction to the revised 2009/10 budget relates to vacant posts within the Housing Options group.

**Special Items**

Costs increases in 2009/10 are due to the inclusion of compensation payments for tenants in Marden Close to move out and professional fees relating to a full housing stock valuation. The increase in 2010/11 relates mainly to the increased maintenance costs of playgrounds at Hoe Lane and Pancroft.

**Homelessness Management**

The majority of the costs relate to the provision of services at Norway House. Non employee related costs have generally remained stable, but due to a change in staff time allocations the budgets for revised 2009/10 and original 2010/11 have increased slightly.

**Homelessness Support**

There are no significant variances.

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
SUPERVISION & MANAGEMENT SPECIAL**

<b>2008/09</b>		<b>2009/10</b>			<b>2010/11</b>
<b>Actual</b>	<b>Original</b>	<b>Revised</b>			<b>Original</b>
<b>£000's</b>	<b>Estimate</b>	<b>Estimate</b>			<b>Estimate</b>
	<b>£000's</b>	<b>£000's</b>			<b>£000's</b>
776	836	828	Aged Persons Management		864
413	433	412	Aged Persons Support		435
2,152	2,103	2,146	Special Items		2,149
291	288	313	Homelessness Management		322
25	29	29	Homelessness Support Servs.		30
<b>3,657</b>	<b>3,689</b>	<b>3,728</b>			<b>3,800</b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
RENTS, RATES, TAXES & INSURANCES**

**Dwelling Insurance**

This budget comprises buildings insurance on the Council's properties

**NDR and Council Tax**

These are business rates payable on the Council's vacant commercial premises and Council tax payable in respect of Norway House.

**Other Insurances and Recharges**

This mainly relates to public liability insurance for HRA land. This increase in budget is due to the value of claims being made and paid in previous years.

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
RENTS, RATES, TAXES & INSURANCE**

<b>2008/09</b>	<b>2009/10</b>			<b>2010/11</b>
<b>Actual</b>	<b>Original</b>	<b>Revised</b>		<b>Original</b>
<b>£000's</b>	<b>Estimate</b>	<b>Estimate</b>		<b>Estimate</b>
<b>£000's</b>	<b>£000's</b>	<b>£000's</b>		<b>£000's</b>
224	239	234	Dwelling Insurances	235
49	41	35	NDR and Council Tax	52
14	15	15	Water Charges	15
175	83	129	Other Insurances and Recharges	129
<b>462</b>	<b>378</b>	<b>413</b>		<b>431</b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
OTHER EXPENDITURE**

**Capital Expenditure Charged to Revenue**

Capital Expenditure Charged to Revenue has remained the same in 2009/10 at £1.525m and has increased by £238,000 to £1.763m in 2010/11. The updated five year forecast is to be produced in March 2010 which, amongst other matters, will examine the affordability for future years.

**Treasury Management Expenses**

This relates to a proportion of the costs of the Council's Treasury Management function. As a substantial proportion of the interest income received is passed on to the HRA, most of the cost is borne by the HRA.

**Bad Debts**

The contribution to the bad debts provision is based on an assessment of the likelihood of a particular debt category being paid. The assessment takes into account the level of arrears, the size of individual debts and whether those debts relate to current or former tenants.



**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
OTHER EXPENDITURE**

<b>2008/09</b>		<b>2009/10</b>			<b>2010/11</b>
<b>Actual</b>	<b>Original</b>	<b>Revised</b>			<b>Original</b>
<b>£000's</b>	<b>Estimate</b>	<b>Estimate</b>			<b>Estimate</b>
	<b>£000's</b>	<b>£000's</b>			<b>£000's</b>
1,452	1,525	1,525	Capital Expenditure Charged to Revenue		8,010
48	49	41	Treasury Management Expenses		41
55	104	55	Provision for Bad/Doubtful Debts		55
<b>1,555</b>	<b>1,678</b>	<b>1,621</b>			<b>8,106</b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
CAPITAL CHARGES**

**Depreciation**

The depreciation charge of £7.776m in 2009/10 (£8.010m in 2010/11) is based on the average age of council dwellings. However £2.998m (£3.166m in 2010/11) is reversed out again below the "net costs of services" line. This is done so that an amount equivalent to the major repairs allowance is credited to the major repairs reserve, thus making the reserve available for re-investment in stock.

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
CAPITAL CHARGES**

<i>2008/09</i>	<i>2009/10</i>			<i>2010/11</i>
<i>Actual</i>	<i>Original</i>	<i>Revised</i>		<i>Original</i>
<i>£000's</i>	<i>Estimate</i>	<i>Estimate</i>		<i>Estimate</i>
<i>£000's</i>	<i>£000's</i>	<i>£000's</i>		<i>£000's</i>
9,313	9,246	7,776	Depreciation	8,010
<b>9,313</b>	<b>9,246</b>	<b>7,776</b>		<b>8,010</b>

## **HOUSING DIRECTORATE HOUSING REVENUE ACCOUNT PROPERTY RELATED INCOME**

### **Gross Rent of Dwellings**

The estimate for 2009/10 was reduced due to CLG announcement after the budgets had been set to reduce the rent increase in 2009/10 to 3.1% or below. To compensate the Council for the loss of rent income the Government reduced the subsidy payment to reflect this loss of income and this can be seen within the revised subsidy estimate for 2009/10.

The rental income estimate for 2010/11 is based on a slightly reduced stock of houses (with an estimate of 7 council houses being sold) and an expected average increase in rents of 3.1%. The latest subsidy determination identifies that convergence with registered social landlord rents will now be in 2013/14.

### **Business Premises**

The drop in income during 2009/10 is due to a rent refund to tenants at Loughton Broadway as a recognition of loss of income due to enhancement works being carried out during the year. The increase between original 2009/10 and 2010/11 is due to rent reviews during the year and the start of rent being collected from the Broadway market.

### **Garages**

Garage rents will increase from £7.20 per week in 2009/10 to £7.56 in 2010/11, an increase of 5.0%. The reduction in the revised 2009/10 budget is due to the higher than expected voids in garages during 2009/10.

### **Ground Rents**

This relates to the ground rents for leaseholders.

### **Charges for Services and Facilities**

The original 2009/10 estimates were lower than expected due to a credit to Hillyfields tenants for overpayment of service charges backdated to 2003 being received in 2008/09. This has been redressed in the 2009/10 revised estimates which shows an increase in charges for services and facilities. There has also been an increase in fuel costs which resulted in additional heating charges being recouped. The original 2010/11 estimates have been predicted to increase by 3.1%.

### **Contribution from General Fund**

This is the contribution made towards grounds maintenance costs of housing land in relation to properties that have been sold under the housing Right to Buy legislation.

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
PROPERTY RELATED INCOME**

<b>2008/09</b>		<b>2009/10</b>			<b>2010/11</b>
<i>Actual</i>	<i>Original</i>	<i>Revised</i>			<i>Original</i>
<i>£000's</i>	<i>Estimate</i>	<i>Estimate</i>			<i>Estimate</i>
	<i>£000's</i>	<i>£000's</i>			<i>£000's</i>
24,473	25,454	25,188	Gross Rent of Dwellings		25,954
1,681	1,697	1,584	Business Premises		1,739
804	855	825	Garages		858
9	9	9	Ground Rents		9
1,683	1,781	1,920	Charges for Service & Facilities		1,928
316	305	298	Contribution from General Fund		314
<b>28,966</b>	<b>30,101</b>	<b>29,824</b>	<b>Property Related Income</b>		<b>30,802</b>

## **HOUSING DIRECTORATE HOUSING REVENUE ACCOUNT SUBSIDY**

The budget has been prepared on the basis of the draft Housing Subsidy determination for 2010/11 which was issued on 9 December 2009.

The original Subsidy determination for 2009/10 set the guideline rent increase at 6.1%. After the budget had been set with actual rent increases of 4% agreed by Members, the CLG issued an amending determination reducing the guideline rent increase to 3.1%, providing authorities followed suit and set the actual rent increase at or below that level. By reducing rents to the new level the Council is expected to lose £266,000 in rental income, however, the saving in subsidy payable as a result of this is £765,000. A net gain of £499,000.

The Government is proposing that significant changes to the current system should be avoided until the final outcome of the work on the Reform of Council Housing Finance is known. Therefore, the 2010/11 HRA Subsidy is constructed using similar parameters as those used in previous years.

A total subsidy of £10.132m payable is expected for 2010/11, a reduction of £1.061m (9.5%) on the original 2009/10 £11.193m.

The management and maintenance allowances will continue to adopt measures to reduce volatility in the system in relation to the calculation of allowances. As with the determination for 2009-10, this continues the use of a three-year average for the crime data inputs and in the BCIS building cost adjustment index. The subsidy determination for 2010/11 have again increased Management Allowance per dwelling by 0.8%, but have left the Maintenance Allowance per dwelling the same as 2009/10. This has resulted in a small increase of £16,000 from £10.709m in 2009/10 to £10.725m in 2010/11.

The Major Repairs Allowance (MRA) for 2010/11 also incorporates a three year average building cost adjustor but retains the original national base weights. MRA per dwelling has been increased by 1.5%. This has seen an increase in the total allowance of £66,000.

The Government calculates three rents each year as part of the rent restructuring exercise. The formula rent is the average rent that needs to be charged within the restructuring period to bring local authority rents into line with those charged by registered social landlords. The 2010/11 formula rent stands at £83.81. The guideline rent stands at £77.88 - an increase of 3.1% from 2009/10. This is used to calculate the notional rent income within housing subsidy. The limit rent stands at £78.84. This is the maximum average rent that can be charged before incurring subsidy limitation on HRA Rent Rebate subsidy.

The interest element, known as the Item 8 Credit, consists of a mortgage interest allowance and an estimate of the investment interest earned on surplus HRA cash. In calculating the investment interest earned the Government is using the average LIBID rate for the year. The original 2009/10 estimates was based on an estimated interest rate of 6%. As this is not known until the end of the year a forecast of the average LIBID rate of 2% is being used for both years.

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
HOUSING REVENUE ACCOUNT SUBSIDY**

<i>2008/09</i>	<i>2009/10</i>			<i>2010/11</i>
<i>Actual</i>	<i>Original</i>	<i>Revised</i>		<i>Original</i>
<i>£000's</i>	<i>Estimate</i>	<i>Estimate</i>		<i>Estimate</i>
<i>£000's</i>	<i>£000's</i>	<i>£000's</i>		<i>£000's</i>
10,329	10,709	10,709	Management and Maintenance	10,725
4,618	4,778	4,778	Major Repairs Allowance	4,844
(24,781)	(25,676)	(24,911)	Notional Rent Income	(25,379)
(1,008)	(1,004)	(327)	Interest on Receipts	(322)
<b><u>(10,842)</u></b>	<b><u>(11,193)</u></b>	<b><u>(9,751)</u></b>	<b>HRA Subsidy</b>	<b><u>(10,132)</u></b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
INTEREST INCOME**

**Revenue Balances**

During 2009/10, the interest on HRA revenue balances are expected to fall to £222,000, as the level of interest rates decrease over the last year or so. The reduction in 2010/11 is due to the expected use of HRA balances particularly the major repairs reserve.

**Capital Balances**

The interest on capital balances is based on the mid year HRA Capital Financing Requirement (CFR). The CFR represents the authority's underlying need to borrow for capital purposes. The CFR is negative, which means that the authority does not need to borrow. In 2009/10, interest receipts will reduce, due to the level of interest rates decreasing during the year and the early termination of two long term investments by the banking institutions. The current forecast for 2010/11 predicts a slight increase in the general level of interest rates.

**Mortgage Interest**

The governing legislation states that the interest rate charged on Council mortgages must be the higher of the local average rate (calculated as the average rate payable on its external debt) or the standard national rate. As the Council has repaid all of its external debt, there is no local rate. The charge on all mortgages is therefore the national rate. The standard national rate has remained the same at 3.13% since February 2009. There are now very few mortgages left as the Council no longer grants them and the old ones are gradually redeemed.



**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
INTEREST INCOME**

<b>2008/09</b>		<b>2009/10</b>			<b>2010/11</b>
<b>Actual</b>	<b>Original</b>	<b>Revised</b>			<b>Original</b>
<b>£000's</b>	<b>Estimate</b>	<b>Estimate</b>			<b>Estimate</b>
	<b>£000's</b>	<b>£000's</b>			<b>£000's</b>
807	478	222	Revenue Balances		203
1,268	789	319	Capital Balances		331
8	7	3	Mortgages		3
<b>2,083</b>	<b>1,274</b>	<b>544</b>			<b>537</b>

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
SUPPORT & TRADING SERVICES**

**Housing Services Administration**

The increase on the original 2009/10 estimates is due to changes in the computer services allocation.

**HOUSING DIRECTORATE  
HOUSING REVENUE ACCOUNT  
SUPPORT & TRADING SERVICES**

<b>2008/09</b>		<b>2009/10</b>			<b>2010/11</b>
<i>Actual</i>	<i>Original</i>	<i>Revised</i>			<i>Original</i>
<i>£000's</i>	<i>Estimate</i>	<i>Estimate</i>			<i>Estimate</i>
<i>£000's</i>	<i>£000's</i>	<i>£000's</i>			<i>£000's</i>
441	442	476	Housing Services Administration		503
<b>441</b>	<b>442</b>	<b>476</b>			<b>503</b>

HOUSING DIRECTORATE								
HOUSING REPAIRS FUND FIVE YEAR PROGRAMME								
ACTUAL 2008/09	DETAIL	ORIGINAL ESTIMATE 2009/10	PROBABLE OUTTURN 2009/10	ORIGINAL ESTIMATE 2010/11	FORECAST SPENDING			
					2011/12	2012/13	2013/14	2014/15
£000's		£000's	£000's	£000's	£000's	£000's	£000's	£000's
2,557	Responsive Repairs	2,850	2,657	2,841	2,898	2,956	3,015	3,075
891	Voids Refurbishment	752	800	800	816	832	849	866
2,081	Planned Maintenance/ Improvements	2,131	2,128	2,390	2,462	2,536	2,612	2,690
160	Miscellaneous Projects	234	197	202	208	215	221	228
1	Feasibilities	10	10	10	10	11	11	11
0	Contingencies	0	0	0	0	0	0	0
33	Business Premises	46	48	49	50	52	53	55
(80)	Less Income	(76)	(76)	(79)	(81)	(84)	(86)	(89)
<b>5,643</b>	<b>TOTAL EXPENDITURE</b>	<b>5,947</b>	<b>5,764</b>	<b>6,213</b>	<b>6,363</b>	<b>6,518</b>	<b>6,675</b>	<b>6,837</b>
<b>(3,708)</b>	<b>Balance brought forward</b>	<b>(4,035)</b>	<b>(4,035)</b>	<b>(3,871)</b>	<b>(3,258)</b>	<b>(2,695)</b>	<b>(1,977)</b>	<b>(1,102)</b>
(5,970)	Contribution from H.R.A.	(5,600)	(5,600)	(5,600)	(5,800)	(5,800)	(5,800)	(5,800)
<b>5,643</b>	<b>Less Expenditure above</b>	<b>5,947</b>	<b>5,764</b>	<b>6,213</b>	<b>6,363</b>	<b>6,518</b>	<b>6,675</b>	<b>6,837</b>
<b>(4,035)</b>	<b>BALANCE CARRIED FORWARD (SURPLUS) / DEFICIT</b>	<b>(3,688)</b>	<b>(3,871)</b>	<b>(3,258)</b>	<b>(2,695)</b>	<b>(1,977)</b>	<b>(1,102)</b>	<b>(65)</b>

## HOUSING REVENUE ACCOUNT DIRECTORATE

### SUBJECTIVE ANALYSIS 2010/11 Original

Cost Centre	Employees	Premises	Transport	Supplies	Other Contracted Services	Support Services	Depreciation	Gross Expenditure	(Internally Recharged)	Fees & Charges	Government Grants	Rental Income	Other Contributions	Gross Income	Net Expenditure
		£	£	£	£	£	£	£	£						
<b>SUPERVISION &amp; MANAGEMENT GENERAL</b>															
Policy & Management	74,250	0	150	78,270	0	182,520	0	335,190	0	0	0	0	0	0	335,190
Sale of Council Houses	40,030	0	160	2,580	0	80,540	0	123,310	(35,000)	0	0	0	2,500	2,500	85,810
Capital Monitoring	39,530	0	2,340	310	0	59,800	0	101,980	0	0	0	0	0	0	101,980
Business Premises Admin	28,160	30,120	1,820	27,910	0	242,470	0	330,480	0	0	0	2,606,000	0	2,606,000	(2,275,520)
Burton Road P&D Car Park	4,060	1,960	500	2,600	32,530	2,800	0	44,450	0	58,000	0	0	0	58,000	(13,550)
Comp.Costs New Hsg.System	0	0	0	10,000	0	0	0	10,000	0	0	0	0	0	0	10,000
Tenant Participation	39,370	500	4,550	12,020	0	23,930	0	80,370	0	0	0	0	0	0	80,370
Contribution to General Fund	0	31,410	0	19,600	0	668,770	0	719,780	0	0	0	0	0	0	719,780
Repairs Management	488,270	18,460	51,610	10,000	0	297,680	0	866,020	0	0	0	0	10,000	10,000	856,020
Managing Tenancies	384,400	0	18,790	48,150	0	314,340	0	765,680	0	1,000	0	0	15,040	16,040	749,640
Waiting Lists & Allocations	182,950	0	1,440	70,410	0	95,440	0	350,240	0	0	0	0	0	0	350,240
Rent Accounting & Collection	264,170	0	8,630	27,060	0	200,670	0	500,530	0	0	0	0	0	0	500,530
Hsg. Man. Support Servs.	90,920	1,000	2,380	530	0	48,640	0	143,470	0	0	0	0	0	0	143,470
<b>SUPERVISION &amp; MANAGEMENT SPECIAL</b>															
Aged Persons Management	327,990	272,790	10,360	128,330	44,130	80,490	0	864,090	0	650,160	0	0	0	650,160	213,930
Aged Persons Support	368,800	0	16,240	90	0	49,570	0	434,700	0	0	0	0	427,410	427,410	7,290
Special Items	215,340	756,290	10,380	213,780	775,720	177,030	0	2,148,540	0	194,190	0	1,300	470,600	666,090	1,482,450
Homelessness Management	142,430	64,920	5,560	27,630	0	81,690	0	322,230	0	0	0	38,870	52,790	91,660	230,570
Homelessness Support	21,790	0	1,160	30	0	7,150	0	30,130	0	0	0	0	44,880	44,880	(14,750)
<b>RENTS, RATES TAXES AND INSURANCE</b>															
Rents, Rates, Taxes and Insurance	1,980	304,630	0	124,510	0	0	0	431,120	0	0	0	0	0	0	431,120
<b>HOUSING REPAIRS FUND</b>															
	0	5,600,000	0	0	0	0	0	5,600,000	0	0	0	0	0	0	5,600,000
<b>OTHER EXPENDITURE</b>															
Depreciation	0	0	0	0	0	0	8,010,340	8,010,340	0	0	0	0	0	0	8,010,340
Treasury Management Expenses	0	0	0	0	0	0	40,860	40,860	0	0	0	0	0	0	40,860
HRA Subsidy Payable	0	0	0	0	10,132,156	0	0	10,132,156	0	0	0	0	0	0	10,132,156
Provision for Bad / Doubtful Debts	0	55,000	0	0	0	0	0	55,000	0	0	0	0	0	0	55,000
<b>GROSS RENT OF DWELLINGS</b>															
	0	0	0	0	0	0	0	0	0	0	0	25,915,590	0	25,915,590	(25,915,590)
<b>CONTRIBUTION FROM GENERAL FUND</b>															
	0	0	0	0	0	0	0	0	0	0	0	0	314,000	314,000	(314,000)
<b>TOTAL (Transferred to GF Summary)</b>	<b>2,714,440</b>	<b>7,137,080</b>	<b>136,070</b>	<b>803,810</b>	<b>10,984,536</b>	<b>2,613,530</b>	<b>8,051,200</b>	<b>32,440,666</b>	<b>(35,000)</b>	<b>903,350</b>	<b>0</b>	<b>28,561,760</b>	<b>1,337,220</b>	<b>30,802,330</b>	<b>1,603,336</b>
<b>SUPPORT SERVICES</b>															
Housing Services Administration	246,240	0	5,810	68,400	0	182,380	0	502,830	(502,830)	0	0	0	0	0	0
<b>TOTAL</b>	<b>2,960,680</b>	<b>7,137,080</b>	<b>141,880</b>	<b>872,210</b>	<b>10,984,536</b>	<b>2,795,910</b>	<b>8,051,200</b>	<b>32,943,496</b>	<b>(537,830)</b>	<b>903,350</b>	<b>0</b>	<b>28,561,760</b>	<b>1,337,220</b>	<b>30,802,330</b>	<b>1,603,336</b>

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