

Supplementary Committee Agenda



Finance and Performance Management Scrutiny Panel Monday, 14th January, 2008

Place: Committee Room 1, Civic Offices, High Street, Epping

Room: Committee Room 1

Time: 7.00 pm

Committee Secretary: A Hendry - Democratic Services Officer
Tel: 01992 564246 Email: ahendry@eppingforestdc.gov.uk

7. DRAFT DETAILED PORTFOLIO BUDGETS (Pages 3 - 34)

(Director of Finance and ICT) to consider the attached report.

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**HOUSING PORTFOLIO
HOUSING REVENUE ACCOUNT
ESTIMATES 2008/09**

HOUSING REVENUE ACCOUNT ESTIMATES 2008/09

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 and the DCLG has the power to issue directives in respect of appropriate income and expenditure items and the calculation of central government subsidy entitlement. The 2008/09 budget conforms to the draft Housing Subsidy Determination, which was issued on 10 December 2007: the final Determination is due to be released in mid-January 2008.

The balance at 31 March 2009 is expected to be £5.9m, after a surplus of £681,000 in 2007/08 and a deficit of £404,000 in 2008/09. The major influences on these figures have been the decrease in Revenue Contribution to Capital Outlay (RCCO), from £1.985m in 2007/08 to £1.135m in 2008/09, an increase in interest accrued on receipts and balances, and an increase in negative Housing Subsidy, from £8.842 m to £10.842 m. The subsidy increase derived from several changes in the Housing Subsidy determination, which are described in more detail in the Housing Subsidy commentary, and are subject to change when the final Housing Subsidy Determination is issued. This is currently expected to be in mid January 2008.

The DCLG are currently running a pilot study to assess the impact of ending the Housing Subsidy system altogether. The current proposals for the new system would begin by requiring authorities subject to negative subsidy to make a single payment to the DCLG, representing the equivalent of the next thirty years' subsidy settlements less a discount. Epping Forest District Council's exit payment has been estimated as approximately £60 m.

Five Year Forecast

An updated five year forecast to the year 2012/13 is to be produced in March 2008.

Supervision, Management and Maintenance

Overall expenditure in 2007/08 has increased by around 0.7% in the revised compared to the original estimate. In 2008/09 the cost of management and maintenance has increased by 2.5% over original estimates, compared to the October 2007 headline rate of inflation of 4.2%. Costs have been kept down as much as possible, and the renegotiated contracts for gas and electricity provision have meant that the estimated cost of heating and lighting has fallen. An element of these costs is to be recovered through charges for services and facilities, although it is not possible to recover the entire cost.

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. All Supporting People settlements are frozen at 2006/07 levels for the foreseeable future.

Housing Repairs Fund

The Housing Repairs Fund contribution was set at £5.5m for 2006/07. For 2007/08 the contribution will be £5.7 m, rising to £6.0 m in 2008/09.

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 2007.

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

In 2008/09, and for the foreseeable future, the Council's Housing Subsidy is negative. Under the current rules, this sum has to be paid over to the DCLG. The estimates for 2008/09 have been drawn up in accordance with the Housing Subsidy Draft Determination for 2008/09. The final determinations are still awaited as at early January 2008.

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% per cent, 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. At the same time, the average rent increase was capped at 5%, although the DCLG gave an allowance against Housing Subsidy to compensate authorities for the gap between their formula rent and their capped rent. This was set at £199,000 for 2006/07 and at £577,000 in 2007/08.

The Housing Subsidy draft determination for 2008/09 proposes to extend the deadline by five years, to 2016/17. This reduces the amount of adjustment required each year and gives a better chance of achieving rent convergence by the deadline. However, this adjustment comes at the cost of minimal increases in expenditure allowances and the cessation of the Rental Constraint Allowance from 2008/09.

**HOUSING PORTFOLIO
HOUSING REVENUE ACCOUNT SUMMARY**

2006/07	2007/08			2008/09
Actual	Original	Revised		Original
£000's	Estimate	Estimate		Estimate
£000's	£000's	£000's		£000's
			EXPENDITURE	
3,780	4,070	4,154	Supervision & Management General	4,313
3,118	3,421	3,392	Supervision & Management Special	3,367
355	335	353	Rents,Rates Taxes & Insurances	369
5,500	5,700	5,700	Contribution to Repairs Fund	6,000
12,753	13,526	13,599	MANAGEMENT & MAINTENANCE	14,049
7,766	7,667	8,527	Depreciation	8,654
48	46	53	Debt Management Expenses	49
8,229	8,868	8,842	HRA Subsidy Payable	10,842
103	75	106	Provision for Bad/Doubtful Debts	110
28,899	30,182	31,127		33,704
			INCOME	
22,039	23,467	23,390	Gross Rent of Dwellings	24,043
2,388	2,476	2,525	Non Dwellings Rent	2,501
1,753	1,526	1,499	Charges for Services & Facilities	1,512
272	293	291	Contribution from General Fund	323
26,452	27,762	27,705		28,379
2,447	2,420	3,422	NET COST OF SERVICES	5,325

**HOUSING PORTFOLIO
HOUSING REVENUE ACCOUNT SUMMARY**

2006/07		2007/08			2008/09
<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>
2,447	2,420	3,422	NET COST OF SERVICES		5,325
(1,735)	(1,740)	(2,164)	Interest on Receipts and Balances		(2,020)
(3,239)	(3,077)	(3,939)	Depreciation		(4,051)
266	299	239	Pensions Interest Payable/Return on Assets		194
<u>(2,261)</u>	<u>(2,098)</u>	<u>(2,442)</u>	NET OPERATING INCOME		<u>(552)</u>
			APPROPRIATIONS		
2,388	1,985	1,985	Capital Exp. Charged to Revenue		1,135
(204)	(269)	(239)	FRS 17 Adjustment		(194)
44	15	15	Transfer to Capital Reserves		15
<u>2,228</u>	<u>1,731</u>	<u>1,761</u>			<u>956</u>
<u>(33)</u>	<u>(367)</u>	<u>(681)</u>	(SURPLUS)/DEFICIT FOR YEAR		<u>404</u>
5,599	5,632	5,632	BALANCE BROUGHT FORWARD		6,313
(33)	(367)	(681)	(SURPLUS)/DEFICIT FOR YEAR		404
<u>5,632</u>	<u>5,999</u>	<u>6,313</u>	BALANCE CARRIED FORWARD		<u>5,909</u>

**HOUSING PORTFOLIO
HOUSING REPAIRS FUND SUMMARY**

2006/07		2007/08			2008/09
<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>
			EXPENDITURE		
3,176	3,444	3,417	Responsive and Void Repairs		3,668
1,980	2,032	2,051	Planned & Cyclical Maintenance		2,131
171	183	185	Other items		166
5,327	5,659	5,653	TOTAL EXPENDITURE		5,965
(5,500)	(5,700)	(5,700)	CONTRIBUTION FROM HRA		(6,000)
(173)	(41)	(47)	(SURPLUS)/DEFICIT FOR YEAR		(35)
3,075	3,248	3,248	BALANCE BROUGHT FORWARD		3,295
(173)	(41)	(47)	(SURPLUS)/DEFICIT FOR YEAR		(35)
3,248	3,289	3,295	BALANCE CARRIED FORWARD		3,330

**HOUSING PORTFOLIO
MAJOR REPAIRS RESERVE SUMMARY**

2006/07		2007/08			2008/09
<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>
			EXPENDITURE		
2,184	4,179	4,074	CAPITAL EXPENDITURE		7,650
3,239	3,062	3,924	TRANSFERRED TO HRA		4,036
5,423	7,241	7,998	TOTAL EXPENDITURE		11,686
(7,766)	(7,667)	(8,527)	DEPRECIATION		(8,654)
(2,343)	(426)	(529)	(SURPLUS)/DEFICIT FOR YEAR		3,032
3,312	2,935	5,655	BALANCE BROUGHT FORWARD		6,184
(2,343)	(426)	(529)	(SURPLUS)/DEFICIT FOR YEAR		3,032
5,655	3,361	6,184	BALANCE CARRIED FORWARD		3,152

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

Policy and Management

The increase in budgets for the revised 2007/08 and the 2008/09 figures are due to a change in staff time allocations.

Council House Sales

The decrease between the original and revised 2007/08 budgets is due to a reduction in support service recharges.

Capital Monitoring

The increase in the 2007/08 and 2008/09 budgets relates to an increase in support service recharges.

Business Premises

The increase between the 2007/08 budget and the 2008/09 budget is due to inflationary increases.

Housing Integrated System

Installation of the leasehold module of the Housing computer system has been delayed and has been carried forward to 2008/09.

Tenant Participation

This budget is largely unchanged.

Contribution to General Fund

The increase in budget between the original and revised 2007/08 budgets relates to the retirement of the former Joint Chief Executive (Community) and a contribution to the General Fund for graffiti removal on HRA property. The increase between the revised 2007/08 and the original 2008/09 budgets is due to inflation.

Repairs and Maintenance Management

There are some minor reductions to budgets here, though inflation in 2008/09 has offset these.

Managing Tenancies

The revised for 2007/08 and the original for 2008/09 show an increase in staff time allocations.

Waiting Lists and Allocations

The increase in the revised 2007/08 budget relates to increased printing costs and consultants fees. The budget in 2008/09 shows a slight decrease. This budget includes the cost of choice based lettings.

Rent Accounting

The budget increase in both years over the original 2007/08 costs is due to staff time allocation changes.

Housing Support Services

A number of Housing service areas have reduced their staff time allocations to this area in 2007/08. This reduction has been counterbalanced to a degree by inflation in 2008/09.

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

2006/07		2007/08			2008/09	
Actual	Original	Revised		Gross	Gross	Net
£000's	Estimate	Estimate		Expend	Income	Expend
	£000's	£000's		£000's	£000's	£000's
268	284	286	Policy and Management	296		296
60	48	42	Sale of Council Houses	52		52
79	77	83	Capital Monitoring	105		105
237	212	215	Business Premises Admin.	222		222
0	7	0	New Housing Computer System	7		7
70	76	74	Tenant Participation	75		75
402	553	594	Contribution to General Fund	611		611
870	910	887	Repairs Management	896		896
752	851	900	Managing Tenancies	937		937
310	334	353	Waiting Lists & Allocations	351		351
490	496	522	Rent Determination & Collection	544		544
242	222	198	Housing Management Support Services	217		217
3,780	4,070	4,154		4,313		4,313

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

Aged Persons Management

The heating and lighting contracts relating to some sheltered units have been re-negotiated resulting in a reduction in charges. There has also been a fall in support service costs.

Aged Persons Support

The variations in 2007/08 relates to a reduction in support service allocations. However, this fall has been counteracted by inflation in 2008/09.

Special Items

Overall, costs have increased in both 2007/08 and 2008/09. A reduction in heating costs have been offset by increased housing land cleansing carried out by the Council's waste management contractor.

Homelessness Management

The majority of the costs here relate to the provision of services at Norway House. Costs have generally remained stable, save for some allocation increases offset within Homeless Support (below)

Homelessness Support

The reduction here is as a result of the increase in staff time allocations mentioned above.

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

2006/07		2007/08			2008/09		
<i>Actual</i>	<i>Original</i>	<i>Revised</i>			Gross	Gross	Net
<i>£000's</i>	<i>Estimate</i>	<i>Estimate</i>			Expend	Income	Expend
	<i>£000's</i>	<i>£000's</i>			£000's	£000's	£000's
714	792	732	Aged Persons Management	717	0	717	
387	423	410	Aged Persons Support Servs.	427	0	427	
1,745	1,915	1,965	Special Items	1,937	0	1,937	
248	264	267	Homelessness Management	268	0	268	
24	27	18	Homelessness Support Servs.	18	0	18	
3,118	3,421	3,392		3,367	0	3,367	

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

Dwelling Insurance

This entry comprises buildings insurance on the Council's properties

NDR and Council Tax

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

Other Insurances

These are insurances other than buildings insurance - mainly public liability insurance.

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

<i>2006/07</i>		<i>2007/08</i>			<i>2008/09</i>
<i>Actual</i>	<i>Original</i>	<i>Revised</i>			<i>Net</i>
<i>£000's</i>	<i>Estimate</i>	<i>Estimate</i>			<i>Expend</i>
<i>£000's</i>	<i>£000's</i>	<i>£000's</i>			<i>£000's</i>
250	226	223	Dwelling Insurances		234
32	34	42	NDR and Council Tax		44
13	15	15	Water Charges		15
60	60	73	Other Insurances and Recharges		76
355	335	353			369

**HOUSING PORTFOLIO
HOUSING REVENUE ACCOUNT
OTHER EXPENDITURE**

Capital Expenditure Charged to Revenue

Revenue Contribution to Capital Outlay (RCCO) has been set at £1.985m in 2007/08 and £1.135m in 2008/09. The updated five year forecast is to be produced in March 2008 which, amongst other matters, will examine the affordability of RCCO figures for future years.

Capital Financing Costs

This relates to a proportion of the costs of the Council's Treasury Management function. As a substantial amount 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 PORTFOLIO
HOUSING REVENUE ACCOUNT
OTHER EXPENDITURE**

<i>2006/07</i>		<i>2007/08</i>			<i>2008/09</i>
<i>Actual</i>	<i>Original</i>	<i>Revised</i>			<i>Net</i>
<i>£000's</i>	<i>Estimate</i>	<i>Estimate</i>			<i>Expend</i>
	<i>£000's</i>	<i>£000's</i>			<i>£000's</i>
2,388	1,985	1,985	Capital Expenditure Charged to Revenue		1,135
48	46	53	Debt Management Expenses		49
103	75	106	Provision for Bad/Doubtful Debts		110
2,539	2,106	2,144			1,294

**HOUSING PORTFOLIO
HOUSING REVENUE ACCOUNT
CAPITAL CHARGES**

Depreciation

The depreciation charge of £8.527 m in 2007/08 (£8.654 m in 2008/09) is based on the average age of council dwellings. However £3.939m (£4.051m in 2008/09) 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 PORTFOLIO
HOUSING REVENUE ACCOUNT
CAPITAL CHARGES**

<i>2006/07</i>		<i>2007/08</i>			<i>2008/09</i>
<i>Actual</i>	<i>Original</i>	<i>Revised</i>			<i>Net</i>
<i>£000's</i>	<i>Estimate</i>	<i>Estimate</i>			<i>Expend</i>
<i>£000's</i>	<i>£000's</i>	<i>£000's</i>			<i>£000's</i>
7,766	7,667	8,527	Depreciation		8,654
<u>7,766</u>	<u>7,667</u>	<u>8,527</u>			<u>8,654</u>

HOUSING PORTFOLIO HOUSING REVENUE ACCOUNT PROPERTY RELATED INCOME

Gross Rent of Dwellings

Rental income likely to be received in 2007/08 is slightly lower than the original estimate, due to a marginally greater than predicted number of council house sales during the year. The rental income estimate for 2008/09 is based on a slightly reduced stock of houses (with an estimate of 30 council houses sold) and an expected increase in actual rents of about 5.0%. This is in response to a central government review of rent restructuring, which has raised the guideline rent by a substantial amount. The Department of Communities and Local Government capped the 2006/07 and 2007/08 rent increases to an average of 5%; although this constraint is expected to be removed from 2008/09, rents are likely to rise by around this level to meet the proposed new convergence deadline of 2016/17.

Business Premises

Rental income from shops has shown a modest increase in the last couple of years and initial predictions for 2007/08 are likely to be exceeded. In 2008/09 income is expected to be similar to the revised 2007/08 figure.

Garages

Garage rents will increase from £6.60 per week in 2007/08 to £6.85 in 2008/09, an increase of 3.8%. The stock of garages is decreasing; as some garages are difficult to let, some blocks of garages are being demolished and the land is being considered for alternative uses.

Charges for Services and Facilities

Charges for services and facilities have decreased from the original to the revised 2007/08 estimates. The increase between the revised 2007/08 and the original 2008/09 budgets is 0.87%, less than the general level of inflation. The majority of this decrease relates to the re-negotiated contracts for gas and electricity, resulting in a fall in costs of heating and lighting recovered from tenants.

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. Savings on staff related costs within the Grounds Maintenance section have reduced this charge slightly in the revised estimates for 2007/08; however, the figure will increase in 2008/09.

**HOUSING PORTFOLIO
HOUSING REVENUE ACCOUNT
PROPERTY RELATED INCOME**

2006/07		2007/08			2008/09
<i>Actual</i>	<i>Original</i>	<i>Revised</i>			Net
£000's	Estimate	Estimate			Expend
£000's	£000's	£000's			£000's
22,039	23,467	23,390	Gross Rent of Dwellings		24,043
1,552	1,591	1,670	Business Premises		1,667
801	851	820	Garages		799
35	34	35	Ground Rents		35
1,753	1,526	1,499	Charges for Service & Facilities		1,512
272	293	291	Contribution from General Fund		323
26,452	27,762	27,705	Property Related Income		28,379

HOUSING PORTFOLIO HOUSING REVENUE ACCOUNT SUBSIDY

The issue of the final 2008/09 determinations has been somewhat delayed and the budget has been prepared on the basis of the draft determinations.

Housing revenue account subsidy payable was originally estimated to be £8.868m for 2007/08, including Rental Constraint Allowance (RCA). The original estimate of £577,000 for RCA was based on the initial Housing Subsidy claim; the second claim awards us RCA relief of £610,000 for 2007/08, less an adjustment of £6,000 for 2006/07. A total subsidy of £10.842m payable is expected for 2008/09, an increase prompted by a sharp adjustment in figures to compensate central Government for the extended convergence deadline of rent restructuring, and is further worsened by the end of the RCA provisions.

The Government's rent restructuring review in 2005/06 imposed a retrospective rise in the guideline rent calculations, taking effect from April 2006. The average increases for 2006/07 and 2007/08 were capped at 5%, with a compensating allowance (Rental Constraint Allowance) included in the Housing Subsidy calculation for authorities whose rent rise would have been higher than 5%. The Government has extended the deadline for rent level convergence by five years, removing the 5% cap and the Rental Constraint Allowance with effect from 2008/09. This has been offset by severe restrictions on the expenditure allowances.

The subsidy determinations for 2008/09 have increased the Management Allowance per dwelling by 0.8%, while the Maintenance Allowance per dwelling has remained unchanged from 2006/07. The fall in stock levels has reduced the total Management and Maintenance allowance by £51,000, i.e. from £10.353 m to £10.302 m. However the increase in the Management Allowance per dwelling have resulted in an increase of £27,000, bringing the combined total Management and Maintenance Allowance to £10.329 m. This is disappointing as it is a reduction on 2007/08.

The Major Repairs Allowance per dwelling has been increased by 0.8%. However the fall in stock figures has resulted in an overall decrease in the total allowance by 0.3%, or £15,000. This is disappointing, and falls far short of the rate of inflation.

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 registered social landlords. The 2008/09 formula rent stands at £80.16. The guideline rent stands at £73.47 - an increase of 5.60% from 2007/08. This is used to calculate the notional rent income within housing subsidy. The limit rent stands at £74.97 - an increase of 5.31% on 2007/08. This is the maximum average rent that can be charged before incurring subsidy limitation on HRA Rent Rebate subsidy.

Actual rents will be set on an individual property basis, with reference to the formula rent and subject to constraints determined by inflation. The average increase for 2007/08 was capped at 5%, with the compensating Rental Constraint Allowance (RCA) included in the Housing Subsidy calculation for authorities whose actual rent rise would have been higher than 5%. The RCA for 2007/08 is currently estimated to be £610,000, less a £7,000 adjustment in respect of 2006/07.

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.

It should be noted that these estimates are based on the draft Housing Subsidy determination for 2008/09, and could be changed by the outcome of the final determination. The final determination is expected to be issued in mid to late January 2008, too late for inclusion in these estimates.

**HOUSING PORTFOLIO
HOUSING REVENUE ACCOUNT
HOUSING REVENUE ACCOUNT SUBSIDY**

<i>2006/07</i>	<i>2007/08</i>			<i>2008/09</i>
<i>Actual</i> <i>£000's</i>	<i>Original</i> <i>Estimate</i> <i>£000's</i>	<i>Revised</i> <i>Estimate</i> <i>£000's</i>		<i>Net</i> <i>Income</i> <i>£000's</i>
9,935	10,353	10,353	Management and Maintenance	10,329
4,527	4,603	4,603	Major Repairs Allowance	4,618
(22,146)	(23,583)	(23,583)	Notional Rent Income	(24,781)
(744)	(818)	(818)	Interest on Receipts	(1,008)
199	577	603	Rent cap compensation	0
<u>(8,229)</u>	<u>(8,868)</u>	<u>(8,842)</u>	HRA Subsidy	<u>(10,842)</u>

**HOUSING PORTFOLIO
HOUSING REVENUE ACCOUNT
INTEREST INCOME**

Revenue Balances

Interest on revenue balances at 31 March 2008 is expected to be higher than originally anticipated due to the increase in the final balances and to the average rate achieved on the Council's investment portfolio. During 2008/09, the interest on HRA revenue balances are expected to fall slightly to £749,000, as both the end of year balances and the general level of interest rates decrease.

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 this need does not exist. In 2007/08, interest receipts will increase, due to rising interest rates; the current forecast for 2008/09 rates predicts a steady fall 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, and is subject to variations of external interest rates. The current standard national rate is 6.89%.

**HOUSING PORTFOLIO
HOUSING REVENUE ACCOUNT
INTEREST INCOME**

2006/07		2007/08			2008/09
Actual	Original	Revised			Net
£000's	Estimate	Estimate			Income
	£000's	£000's			£000's
592	545	846	Revenue Balances		749
1,124	1,177	1,300	Capital Balances		1,254
18	18	18	Mortgages		17
2,326	1,740	2,164			2,020

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

Housing Services Administration

Costs have fallen on this budget from the original 2007/08 estimates, mainly due to decreases in computer related and support services costs.

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

<i>2006/07</i>	<i>2007/08</i>			<i>2008/09</i>
<i>Actual</i> £000's	<i>Original</i> <i>Estimate</i> £000's	<i>Revised</i> <i>Estimate</i> £000's		<i>Net</i> <i>Expend</i> £000's
391	366	344	Housing Services Administration	360
391	366	344		360

HOUSING COMMITTEE

HOUSING REPAIRS FUND FIVE YEAR PROGRAMME

ACTUAL 2006/07	DETAIL	ORIGINAL ESTIMATE 2007/08	PROBABLE OUTTURN 2007/08	ORIGINAL ESTIMATE 2008/09	FORECAST SPENDING			
					2009/10	2010/11	2011/12	2012/13
000'S		000'S	000'S	000'S	000'S	000'S	000'S	000'S
2,477	Responsive Repairs	2,762	2,701	2,917	3,053	3,197	3,348	3,506
699	Voids Refurbishment	683	716	752	790	829	871	914
1,982	Planned Maintenance/ Improvements	2,032	2,051	2,131	2,238	2,349	2,467	2,590
0	Structural Repairs	0	0	0	0	0	0	0
160	Miscellaneous Projects	169	191	173	178	183	189	194
18	Feasibilities	27	24	23	25	26	27	28
0	Contingencies	0	0	0	0	0	0	0
56	Business Premises	59	45	48	50	53	56	58
(65)	Less Income	(73)	(75)	(79)	(83)	(87)	(91)	(96)
5,327	TOTAL EXPENDITURE	5,659	5,653	5,965	6,251	6,550	6,867	7,194
(3,075)	Balance brought forward	(3,248)	(3,248)	(3,295)	(3,330)	(3,080)	(2,529)	(1,663)
(5,500)	Contribution from H.R.A.	(5,700)	(5,700)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
5,327	Less Expenditure above	5,659	5,653	5,965	6,251	6,550	6,867	7,194
(3,248)	BALANCE CARRIED FORWARD (SURPLUS) / DEFICIT	(3,289)	(3,295)	(3,330)	(3,080)	(2,529)	(1,663)	(468)

**HOUSING REVENUE ACCOUNT 2007/08
SUBJECTIVE ANALYSIS**

BUDGET	Employee Expenses	Premises Related Expenses	Transport Related Expenses	Supplies and Services	Third Party Payments	Internally Recharged	Contracted Services	Support Services	Capital Financing Costs	Gross Revenue Expenditure
	£	£	£	£	£	£	£	£	£	£
SUPERVISION & MANAGEMENT GENERAL										
Business Premises Admin	0	26,450	0	5,350	0	0	0	180,340	0	212,140
Rent Accounting & Collection	229,650	0	8,480	40,610	0	0	0	217,420	0	496,160
Waiting Lists & Allocations	191,340	0	6,110	64,210	0	0	0	72,270	0	333,930
Sale of Council Houses	35,830	0	490	7,550	0	0	0	117,330	(112,840)	48,360
Policy & Management	147,150	0	4,940	64,590	0	0	0	66,950	0	283,630
Capital Monitoring	30,040	0	1,790	1,970	0	0	0	42,980	0	76,780
Managing Tenancies	468,720	0	20,980	86,590	0	0	0	274,620	0	850,910
Hsg. Man. Support Servs.	124,330	0	7,290	7,260	0	0	0	100,820	0	239,700
Comp.Costs New Hsg.System	0	0	0	7,180	0	0	0	0	0	7,180
Tenants Compacts	44,270	0	1,670	14,860	0	0	0	15,040	0	75,840
Contribution to General Fund	0	0	0	0	0	0	0	456,500	0	456,500
Repairs Management	561,980	0	58,040	51,650	0	0	0	238,180	0	909,850
SUPERVISION & MANAGEMENT SPECIAL										
Aged Persons Management	295,650	272,770	6,420	122,300	0	0	0	95,140	0	792,280
Aged Persons Support	346,900	0	9,570	9,020	0	0	0	57,470	0	422,960
Special Items	190,270	609,410	12,100	166,330	0	0	692,340	185,160	0	1,855,610
Homelessness Management	134,900	53,050	3,390	27,060	0	0	0	45,930	0	264,330
Homelessness Support	19,470	0	620	1,150	0	0	0	5,670	0	26,910
RENTS, RATES TAXES AND INSURANCE										
Rents, Rates, Taxed and Insurance	15,736	274,670	0	44,031	0	0	0	0	0	334,437
SUPPORT & TRADING SERVICES										
Housing Services Administration	213,680	0	5,620	151,120	0	0	(435,250)	61,540	0	(3,290)
HOUSING REPAIRS FUND										
	0	5,700,000	0	0	0	0	0	0	0	5,700,000
CHARGES FOR CAPITAL/RCCO										
	0	0	0	0	0	0	0	0	2,000,000	2,000,000
HRA Subsidy Payable										
	0	0	0	0	8,867,690	0	0	0	0	8,867,690
DEPRECIATION										
	0	0	0	0	0	0	0	0	7,667,360	7,667,360
DEBT MANAGEMENT										
	0	0	0	0	0	0	0	0	47,100	47,100
PROV. FOR BAD & DOUBTFUL DEBTS										
	0	75,000	0	0	0	0	0	0	0	75,000
TOTAL	3,049,916	7,011,350	147,510	872,831	8,867,690	0	257,090	2,233,360	9,601,620	32,041,367

**HOUSING REVENUE ACCOUNT 2007/08
SUBJECTIVE ANALYSIS**

BUDGET	Employee Expenses	Premises Related Expenses	Transport Related Expenses	Supplies and Services	Third Party Payments	Internally Recharged	Contracted Services	Support Services	Capital Financing Costs	Gross Revenue Expenditure
	£	£	£	£	£	£	£	£	£	£
SUPERVISION & MANAGEMENT GENERAL										
Policy & Management	155,990	0	4,770	62,900	0	0	0	64,040	0	287,700
Sale of Council Houses	33,400	0	560	5,080	0	0	0	84,340	(80,850)	42,530
Capital Monitoring	31,920	0	2,240	1,410	0	0	0	48,680	0	84,250
Business Premises Admin	0	31,410	0	5,500	0	0	0	178,360	0	215,270
Comp.Costs New Hsg.System	0	0	0	0	0	0	0	0	0	0
Tenant Participation	45,860	0	1,670	14,730	0	0	0	13,570	0	75,830
Contribution to General Fund	0	0	0	0	0	0	0	594,080	0	594,080
Repairs Management	581,810	0	55,190	58,360	0	0	0	210,370	0	905,730
Managing Tenancies	493,650	0	23,270	76,290	0	0	0	322,410	0	915,620
Waiting Lists & Allocations	208,420	0	6,960	78,990	0	0	0	66,840	0	361,210
Rent Accounting & Collection	235,040	0	9,400	36,960	0	0	0	247,290	0	528,690
Hsg. Man. Support Servs.	105,530	0	5,980	3,550	0	0	0	84,950	0	200,010
SUPERVISION & MANAGEMENT SPECIAL										
Aged Persons Management	288,120	243,850	5,980	110,140	0	0	0	74,460	0	722,550
Aged Persons Support	353,960	0	8,870	2,000	0	0	0	49,220	0	414,050
Special Items	203,760	632,090	13,430	215,900	0	0	671,640	212,240	0	1,949,060
Homelessness Management	142,660	48,000	3,770	27,550	0	0	0	45,430	0	267,410
Homelessness Support	13,580	0	450	520	0	0	0	3,350	0	17,900
RENTS, RATES TAXES AND INSURANCE										
Rents, Rates, Taxes and Insurance	1,940	277,900	0	72,570	0	0	0	0	0	352,410
HOUSING REPAIRS FUND										
	0	5,700,000	0	0	0	0	0	0	0	5,700,000
CHARGES FOR CAPITAL/RCCO										
	0	0	0	0	0	0	0	0	1,985,000	1,985,000
HRA Subsidy Payable										
	0	0	0	0	8,841,553	0	0	0	0	8,841,553
DEPRECIATION										
	0	0	0	0	0	0	0	0	8,527,413	8,527,413
DEBT MANAGEMENT										
	0	0	0	0	0	0	0	0	52,500	52,500
PROV. FOR BAD & DOUBTFUL DEBTS										
	0	106,000	0	0	0	0	0	0	0	106,000
SUBTOTAL	2,895,640	7,039,250	142,540	772,450	8,841,553	0	671,640	2,299,630	10,484,063	33,146,766
SUPPORT & TRADING SERVICES										
Housing Services Administration	211,010	0	3,100	128,550		(342,660)				0
TOTAL	3,106,650	7,039,250	145,640	901,000	8,841,553	(342,660)	671,640	2,299,630	10,484,063	33,146,766

**HOUSING REVENUE ACCOUNT 2008/09
SUBJECTIVE ANALYSIS**

BUDGET	Employee Expenses	Premises Related Expenses	Transport Related Expenses	Supplies and Services	Third Party Payments	Internally Recharged	Contracted Services	Support Services	Capital Financing Costs	Gross Revenue Expenditure
	£	£	£	£	£	£	£	£	£	£
SUPERVISION & MANAGEMENT										
GENERAL										
Policy & Management	162,150	0	4,960	63,100				68,190		298,400
Sale of Council Houses	36,090	0	570	6,170				89,680	(79,510)	53,000
Capital Monitoring	42,810	0	3,230	1,990				58,150		106,180
Business Premises Admin	0	22,580	0	5,500				193,710		221,790
Comp.Costs New Hsg.System	0	0	0	7,180	0	0	0	0	0	7,180
Tenant Participation	46,600	0	1,680	14,560	0	0	0	14,190	0	77,030
Contribution to General Fund								610,800		610,800
Repairs Management	606,790	0	55,070	35,940	0	0	0	216,570	0	914,370
Managing Tenancies	509,310	0	23,780	77,300				304,700		915,090
Waiting Lists & Allocations	211,670	0	7,020	71,390				69,230		359,310
Rent Accounting & Collection	242,370	0	9,580	37,350				229,500		518,800
Hsg. Man. Support Servs.	112,500	0	6,440	3,800				94,110		216,850
SUPERVISION & MANAGEMENT										
SPECIAL										
Aged Persons Management	290,520	179,240	5,970	110,100	39,050			82,560		707,440
Aged Persons Support	368,510	0	9,180	2,010				51,280		430,980
Special Items	212,700	561,850	13,500	193,950	737,970			198,220		1,918,190
Homelessness Management	142,730	44,880	3,870	26,610				48,440		266,530
Homelessness Support	13,520	0	470	540	0			3,590		18,120
RENTS, RATES TAXES AND INSURANCE										
Rents, Rates, Taxes and Insurance	2,030	291,510		75,610						369,150
HOUSING REPAIRS FUND										
	0	6,200,000	0	0	0	0	0	0	0	6,200,000
CHARGES FOR CAPITAL/RCCO										
	0	0	0	0	0	0	0	0	1,135,000	1,135,000
HRA Subsidy Payable										
	0	0	0	0	10,842,190	0	0	0	0	10,842,190
DEPRECIATION										
	0	0	0	0	0	0	0	0	8,653,594	8,653,594
DEBT MANAGEMENT										
	0	0	0	0	0	0	0	0	37,340	37,340
PROV. FOR BAD & DOUBTFUL DEBTS										
	0	110,000	0	0	0	0	0	0	0	110,000
SUBTOTAL	3,000,300	7,410,060	145,320	733,100	11,619,210	0	0	2,332,920	9,746,424	34,987,334
SUPPORT & TRADING SERVICES										
Housing Services Administration	222,030		3,300	133,050		(358,380)				0
TOTAL	3,222,330	7,410,060	148,620	866,150	11,619,210	(358,380)	0	2,332,920	9,746,424	34,987,334

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