

**COMMUNITIES DIRECTORATE
HOUSING REVENUE ACCOUNT
ESTIMATES 2015/16**

Recommendations – To be included within the Budget Report

That, in respect of the Council's Careline Service and the Scheme Management Service for sheltered housing and area schemes:

- (a) The loss of £133,000 per annum Housing Related Support (HRS) funding from Essex County Council be noted;
 - (b) The charges for the Council's Careline Service be increased by £0.27 per week, for both Council tenants and private clients, with effect from 6th April 2015 and that the Cabinet's previous decision to increase the charge for private clients by £0.20 per week from 6th April 2015 be rescinded;
 - (c) Following a review of the duties undertaken by Scheme Managers, 10% of their time previously attributed to Housing Related Support be re-classified as Intensive Housing Management and charged as a Service Charge accordingly (which is eligible for housing benefit);
 - (d) The charges for the Council's Scheme Management Service (funded from Housing Related Support Charges and Intensive Housing Management Service Charges) be increased by 5% from 6th April 2015;
 - (e) The increased charges for the Careline and Scheme Management Services provided to Council tenants in receipt of housing benefit not be met through any increase in compensating Housing Related Support Credit and that, furthermore, the Housing Related Support Credit currently received by such tenants be reduced by 8% with effect from 6th April 2015;
 - (f) The intention;
 - (i) For the Careline Service to break-even; and
 - (ii) The loss in HRS funding for the Scheme Management Service to be fully recovered from April 2016;
- be noted but, as a result of spreading the required increases in charges over two years, it also be noted that the HRA will be subsidising the Careline Service and Scheme Management Service by around £58,000 during 2015/16; and
- (g) That the potential for further reductions in HRS by Essex County Council in 2015/16 and/or 2016/17 be noted.

HOUSING REVENUE ACCOUNT SUMMARY

SUBJECTIVE ANALYSIS 2015/16

Sum of Net Expenditure 2015/16	£'000	Column Labels														Expense Total	Income		Income Total	Grand Total		
		Employees	Premises	Transport	Supplies & Services	Contracted Services	Service Area Recharges	Support Services	Internal Print	Support Services	Asset Charges	Misc. Income	Other Contributions	Internal Recharges	Fees & Charges		Fees & Charges	9000			9005	9006
	Expense 0010	1000	2000	3000	4000	4006	5000	5420	5641	6000												
Appropriations																						
Total Capital Charges													5,391	5,391								5,391
Interest																						
Interest																						
Self Financing Interest													5,566	5,566								
Repairs Fund Expenditure																						
Contribution To Hra																						
Other Items			45		26			4						75	0		-5,000				-126	
Planned & Cyclical Maintenance			2,232					49						2,281								
Responsive & Void Repairs			4,052		47			48						4,147								
Total Management & Maintenance																						
Contribution To Repairs Fund					5,000									5,000								5,000
Other Activities	6,688	89	308		488		0	2,319					34	9,926	0		-9,919			-3		-9,922
Rents, Rates Taxes & Insurance			358		111			57						526								526
Supervision/Management General	1,988	26	87		314		0	2,218	9					4,642								4,616
Supervision/Management Special	1,226	1,681	38		466		27	422		0			10	3,870				-26		0		0
Total Other Expenditure																						
Other Expenditure					100									13,622								
Total Property Related Income																						
Charges Services & Facilities																						
Estate Ground Maintenance																						
Gross Rent Of Dwellings					0									0								
Non Dwelling Rents																						
Grand Total		9,902	8,483	433	6,552	27	0	5,117	9	0	24,623	55,146	-471	-5,356	-9,945	-34,703	-50,475	4,671				

HOUSING REVENUE ACCOUNT ESTIMATES 2015/16

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.

The balance at 31 March 2014 was £2.966m, after a deficit of £0.409m in 2013/14 and a deficit is expected in 2014/15 and a small surplus in 2015/16. The major influences on these figures have been in 2014/15 increasing the Revenue Contributions to Capital, as a consequence of New Build acceleration, which may now be delayed. Council rents income has increased by £0.4m year on year and the proposal to transfer a 10% average, annually of the variable rate loan taken out on the inception of HRA self financing to a debt repayment reserve draws £3.18m from the HRA a year. Falling from 2016/17 to rise again in 2019/20.

The HRA subsidy system ceased at the end of 2011/12 when this Council was required to pay to Whitehall their notional HRA surplus, as determined by the subsidy settlement. From April 2012 the new Self Financing system, where councils will keep all rents in exchange for an allocation of housing debt came into effect. The council borrowed £185.456m in 6 tranches, 5 long term fixed rate loans maturing in 2038 and annually thereafter, and 1 shorter term variable loan maturing in March 2022.

Thirty Year Forecast

The Council has for a number of years produced an HRA thirty year forecast, however with the advent of self financing this has taken on more prominence. The forecast is updated on a regular basis to check actual progress against the plan and where necessary make amendments. The updated forecast is presented to members twice annually.

Five Year Forecast

An updated HRA five year forecast to the year 2019/20 will be produced once the budget has been finalised and the 30 year forecast updated.

Management and Maintenance

Management and maintenance expenditure in 2014/15 has reduced by 4.1% (£597,000) in the probable outturn compared to the original estimates. In 2015/16 the costs have decreased by 2.4% (£341,000) compared to the original 2014/15. Please refer to the detailed page for Supervision and Management General for a detailed analysis. Increases of between 2.8% and 74% on most of the headings. The HRA will be subsidising the net loss income for 2015/16 by £58,000 associated with the loss of funding from ECC for .Housing Related Support.

Service Enhancements

The Service Enhancements in 2015/16 are estimated at Capital £1,286,000 and Revenue £248,000. This includes £367,000 set aside for major capital projects in future years.

Depreciation

Under IFRS, introduced for the financial year 2010/11 there is a requirement to value and depreciate significant components of assets separately. The life cycles used until 31 March 2012 were based on the decent homes standard, however from 1 April the Council's New Modern Home Standard has been used which has meant that generally components will be replaced sooner than before. The effect was to increase substantially the depreciation charge. Since then the Council has agreed with the External Auditor a revised method of calculating the depreciation charge lowering it to £13.2m in 2014/15 and £13.5m in 2015/16.

Housing Repairs Fund

The Housing Repairs Fund balance at the start of 2014/15 was £2.753m, and is estimated to be reduced down to £0.076m by the end of 2019/20. The contribution for 2014/15 and 2015/16 has been set at £5 m, but based on current expenditure this is not sufficient to meet the demands placed on the fund. The contribution has been increased to £5.5m after 2015/16.

Major Repairs Reserve

The Major Repairs Reserve balance as at the end of 2013/14 was £11.359m, and is predicted to reduce to £2.16m by the end of 2018/19.

Capital Expenditure

Capital expenditure charged to revenue is based on the latest predictions of availability of funds to finance the capital programme. The contribution in 2014/15 is forecast to be £5.2m. In 2015/16 this falls to £4.9m.

Housing Repairs Service

The Housing Repairs Service carries out a significant proportion of the repairs required to the Council's stock. The total cost of the Service is recharged to either the Housing Repairs Fund or (for capital projects) to the HRA Capital Programme. There is also a small amount of work carried out for the General Fund.

Proposed Rent Increase

From 2003/04 rents have been set with reference to a Government formula based on property values, number of bedrooms and local earnings. The scheme was 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 proposed average rent increase for 2015/16 is 2.2% (£2.10), which gives an average weekly rent for 2015/16 of around £97.54 per week.

The Council has complied with the Government's previous rent restructuring regime. The Government now has a Social Rents Policy which includes formula rents. The end of rent restructuring resulted in an estimated £40m loss of rental income over the 30 year HRA Plan. Most Social Landlords re-let vacant property at the "target rent" for the property, which the Council has also done from 5th April 2014. Estimated additional income was £50,000 in 2014/15 and in subsequent years.

Interest on Receipts and Balances

The HRA interest income has remained relatively low during 2014/15 as the bank rate has remained at 0.5% since March 2009 and the further decline of the financial markets has meant that the Council can only invest with a limited number of counterparties and for shorter durations. All these have contributed to lower yields being achieved.

Interest Payable on Loans

This is a new charge to the HRA for the servicing of debts the Council has taken to fund the CLG's Self-Financing Debt Settlement.

Self-Financing Reserve

As part of the debt portfolio taken out toward the end of 2011/12 a variable loan of £31.8m for 10 years was included. The thirty year plan demonstrates that HRA balances will have increased sufficiently for this to be repaid in 2021/22. It is however felt that a sum equivalent to an average of 10% per annum should be set aside in a Self-Financing Reserve so that this money is separately identified for this purpose. It may be necessary to amend the capital expenditure profile within the thirty year plan for this to be possible. A pattern of contributions has been agreed previously by Members, reducing to £1.25million from 2016/17 and starting to rise again from 2019/20.

Minimum HRA Balance

The agreed level of balance to be achieved is £2million, and this has been achieved in 2015/16.

The Council's Careline Service and Scheme Management Service for sheltered housing and area schemes - Reduction in Housing Related Support (HRS) funding by Essex County Council

The Council currently receives around £306,000 from Essex County Council's (ECC's) Housing Related Support (HRS) Budget towards the cost of providing the Councils Careline Service and its Scheme Management Service for older Council tenants in receipt of housing benefit living in sheltered housing or an area scheme. However, due to ECC reducing its HRS Budget by around 10% (£2 million) per annum across the County, ECC is reducing its HRS funding to this Council by £133,000 (43%) per annum from April 2015 (£52,000 for Careline and £81,000 for Scheme Management).

Since the HRA is unable to sustain such a large reduction in HRS funding in the long term, the Housing Portfolio Holder has asked the Director of Communities to undertake a review on how this lost income can be replaced, primarily through a combination of increased charges to users of the two services and, in particular, the introduction of charges for tenants in receipt of housing benefit (who do not currently pay anything for these services) - whilst spreading the impact of the required increased/new charges over a two-year period.

Careline Service

The Careline Service currently operates at a small annual deficit of around £16,000 per annum. In order for the Careline Service to break-even after accounting for this small deficit and, particularly, the loss in HRS funding, the charges made to Council tenants and private clients for Careline would need to increase by 54p per week from April 2015. However, in order to spread the required increases over a two-year period, it is proposed that Careline charges only be increased by 27p per week from April 2015, with an intention to increase charges by a similar amount in April 2016 (subject to no further reduction in HRS funding).

It should be noted that this is a higher increase for private clients than agreed by the Cabinet in December 2014, following the review of housing-related fees and charges by the Finance and Performance Management Cabinet Committee. However, it should also be noted that this Council currently makes the lowest charges for Careline / telecare services in Essex, which will continue to be the case even after this proposed increase. Moreover, if this Council increases its charges by a further 27p per week in April 2016, it is expected that this Council's charges will still be the second lowest in Essex - even if other councils do not increase their charges over the next two years, which is considered likely.

In the past, any increase in Careline charges to Council tenants in receipt of housing benefit has been met by a corresponding increase in the Housing Related Support Credit made to tenants' rent account. However, due to the reduction in HRS funding from ECC, this is no longer possible. Therefore, such tenants will need to meet the cost of this increase themselves for the first time.

Scheme Management Service at Sheltered and Area Schemes for Older People

In order for ECC's £81,000 per annum cut in HRS funding for Scheme Management to be met from increased charges to tenants, the current Housing Related Support Charge made to older tenants in sheltered housing and area schemes would need to increase by around 30%.

However, following consideration of a number of alternative options put forward by the Director of Communities, the Housing Portfolio Holder is proposing a range of measures to mitigate the effect of increasing charges to tenants, whilst ensuring that the loss in HRS funding is fully-funded from increased charges by April 2016.

Firstly, a review has been undertaken of the amount of time that the Council's Scheme Managers spend on activities relating to "Housing Related Support" and, separately, to "Intensive Housing Management". As a result, it has been established that around 10% of their time is spent on the latter, instead of the former. Therefore, it is proposed that a new service charge be introduced to cover the costs of providing Intensive Housing Management and that the Housing Related Support Charge be reduced by an equivalent amount. Apart from a more appropriate categorisation of duties, which has no effect on tenants who are not in receipt of housing benefit and who therefore pay the charge themselves, an advantage of introducing such a change is that older tenants in receipt of housing benefit are eligible to receive housing benefit towards the cost of receiving Intensive Housing Management, but not Housing Related Support.

Secondly, it is proposed that both the Housing Related Support Charge and the Intensive Housing Management Service Charge are increased by 5% from April 2015, with an intention to increase charges by a similar amount in April 2016 (subject to no further reduction in HRS funding). Furthermore, it is proposed that tenants in receipt of housing benefit be required to meet the cost of the increase in the Housing Related Support Charge (only) themselves - by no corresponding increase being made to their Housing Related Support Credit.

Thirdly, it is proposed that the current Housing Related Support Credit received by tenants in receipt of housing benefit to meet their Housing Related Support Charge be reduced by 8% from April 2015, with an intention to reduce the Credit by a similar amount in April 2016 (subject to no further reduction in HRS funding).

Effect of these changes on tenants and the HRA

The effect on all tenants in sheltered housing and area schemes, and private Careline clients, of all the above proposals are summarised in the following table:

Sheltered Tenants (Scheme Management & Careline):					
	(£)	Increase (£)	Increase (%)	Increase (£)	Increase (%)
Not on HB	£12.15 p/w	£0.71 p/w	5.80%	£0.71 p/w	5.50%
On HB	Nil	£1.27 p/w	N/A	£1.27 p/w	100.00%
Area Tenants (Scheme Management & Careline):					
Not on HB	£5.54 p/w	£0.39 p/w	7.00%	£0.39 p/w	6.60%
On HB	Nil	£0.52 p/w	N/A	£0.52 p/w	100.00%
Private Careline Users					
	£95.30 p/a	£13 p/a	13.60%	£13 p/a	12.00%
New Annual Cost		£108.30 p/a		£121.30 p/a	
(*) – Subject to no further reduction in HRS funding in 2016/17					

As a result of spreading the required increases in charges over two years, the HRA will need to subsidise the Careline Service and Scheme Management Service by around £58,000 during 2015/16.

Potential for further HRS funding reductions by Essex County Council

All of the above proposals have been formulated to enable the Careline Service to break-even, and the loss in HRS funding for the Scheme Management Service to be fully recovered, from April 2016 – based on the current reduction in HRS funding by ECC.

However, it is quite possible that further reductions in HRS funding will be made by ECC in April 2016. If this is the case, a further review of charges will need to be made for the HRA Budget in 2016/17, which is likely to result in higher charges from April 2016 than those set out above.

Moreover, it has been noted that ECC may be seeking to reduce its County-wide HRS Budget by more than the currently-proposed £2 million per annum from April 2015, which may have a further effect on this Council's HRS funding. However, no details have been received on such a possibility at the time of preparing this HRA Budget and have therefore not been incorporated.

HOUSING DIRECTORATE HOUSING REVENUE ACCOUNT SUMMARY

2013/14		2014/15			2015/16
<i>Actual</i>	<i>Original</i>	<i>Probable</i>			<i>Original</i>
<i>£000's</i>	<i>Estimate</i>	<i>Outturn</i>			<i>Estimate</i>
	<i>£000's</i>	<i>£000's</i>			<i>£000's</i>
				EXPENDITURE	
4,768	4,468	4,561		Supervision & Management General	4,616
3,691	3,844	3,693		Supervision & Management Special	3,870
542	521	525		Rents, Rates Taxes & Insurances	526
5,200	5,000	5,000		Contribution to Repairs Fund	5,000
0	570	27		Improvements / Service Enhancements	50
14,201	14,403	13,806		MANAGEMENT & MAINTENANCE	14,062
13,110	13,231	12,480		Depreciation	13,539
50	52	74		Treasury Management Expenses	83
16	250	129		Provision for Bad/Doubtful Debts	100
27,377	27,936	26,489			27,784
				INCOME	
(30,885)	(31,765)	(31,631)		Gross Rent of Dwellings	(32,177)
(870)	(858)	(843)		Non Dwellings Rent	(859)
(1,980)	(1,574)	(1,614)		Charges for Services & Facilities	(1,587)
(336)	(383)	(343)		Contribution from General Fund	(356)
(34,071)	(34,580)	(34,431)			(34,979)
(6,694)	(6,644)	(7,942)		NET COST OF SERVICES	(7,195)

**HOUSING DIRECTORATE
HOUSING REVENUE ACCOUNT SUMMARY**

2013/14			2014/15			2015/16
Actual	Original	Probable				Original
£000's	Estimate	Outturn				Estimate
£000's	£000's	£000's				£000's
(6,694)	(6,644)	(7,942)	NET COST OF SERVICES			(7,195)
(375)	(402)	(395)	Interest on Receipts and Balances			(422)
5,526	5,532	5,529	Interest Payable on Loans			5,566
(5,349)	(6,186)	(4,958)	Transfer from MRR			(6,014)
(33)	(29)	(34)	Reversal of DLO depreciation			(34)
963	973	794	Pensions Interest Payable/Return on Assets			794
<u>(5,962)</u>	<u>(6,756)</u>	<u>(7,006)</u>	NET OPERATING INCOME			<u>(7,305)</u>
APPROPRIATIONS						
4,200	5,700	5,200	Capital Exp. Charged to Revenue			4,900
(865)	(945)	(722)	FRS 17 Adjustment			(722)
3,180	3,180	3,180	Transfer to Self Financing Reserve			3,180
(84)	0	0	Transfer to Insurance Fund			0
(58)	(442)	360	Transfer to Enhancement Fund			(105)
(4)	0	0	Leave Accruals			0
<u>6,369</u>	<u>7,493</u>	<u>8,018</u>				<u>7,253</u>
<u>407</u>	<u>736</u>	<u>1,012</u>	(SURPLUS)/DEFICIT FOR YEAR			<u>(52)</u>
3,375	3,482	2,968	BALANCE BROUGHT FORWARD			1,956
407	736	1,012	(SURPLUS)/DEFICIT FOR YEAR			(52)
<u>2,968</u>	<u>2,746</u>	<u>1,956</u>	BALANCE CARRIED FORWARD			<u>2,008</u>

HOUSING DIRECTORATE HOUSING REPAIRS FUND SUMMARY

2013/14		2014/15			2015/16
<i>Actual</i>	<i>Original</i>	<i>Probable</i>			<i>Original</i>
<i>£000's</i>	<i>Estimate</i>	<i>Outturn</i>			<i>Estimate</i>
	<i>£000's</i>	<i>£000's</i>			<i>£000's</i>
				EXPENDITURE	
3,885	3,492	3,976		Responsive and Void Repairs	4,147
2,095	2,238	2,053		Planned & Cyclical Maintenance	2,281
(25)	(37)	(19)		Other items	(51)
5,955	5,693	6,010		TOTAL EXPENDITURE	6,377
(5,200)	(5,000)	(5,000)		CONTRIBUTION FROM HRA	(5,000)
755	693	1,010		(SURPLUS)/DEFICIT FOR YEAR	1,377
3,508	2,986	2,753		BALANCE BROUGHT FORWARD	1,743
755	693	1,010		(SURPLUS)/DEFICIT FOR YEAR	1,377
2,753	2,293	1,743		BALANCE CARRIED FORWARD	366

HOUSING DIRECTORATE MAJOR REPAIRS RESERVE SUMMARY

2013/14		2014/15			2015/16
<i>Actual</i>	<i>Original</i>	<i>Probable</i>			<i>Original</i>
<i>£000's</i>	<i>Estimate</i>	<i>Outturn</i>			<i>Estimate</i>
	<i>£000's</i>	<i>£000's</i>			<i>£000's</i>
				EXPENDITURE	
6,145	9,528	8,754		CAPITAL EXPENDITURE	11,969
5,349	6,186	4,958		TRANSFERRED TO HRA	6,014
11,494	15,714	13,712		TOTAL EXPENDITURE	17,983
(13,098)	(13,231)	(12,480)		DEPRECIATION	(13,539)
(1,604)	2,483	1,232		(SURPLUS)/DEFICIT FOR YEAR	4,444
9,755	8,473	11,359		BALANCE BROUGHT FORWARD	10,127
(1,604)	2,483	1,232		(SURPLUS)/DEFICIT FOR YEAR	4,444
11,359	5,990	10,127		BALANCE CARRIED FORWARD	5,683

HOUSING REVENUE ACCOUNT
Supervision/Management General

	Sum of Actual 2013/14 £'000	Sum of Original Estimate 2014/15 £'000	Sum of Probable Outturn 2014/15 £'000	Sum of Gross Expenditure 2015/16 £'000	Sum of Gross Income 2015/16 £'000	Sum of Net Expenditure 2015/16 £'000	
Capital Monitoring	60	61	103	106	0	106	Changes are mainly due to the Council's restructure and freshly calculated recharges, this does not affect the Council's bottom line. 74% increase.
Comp.Costs New Hsg.System	3	17	3	14	0	14	Comprises residual Consultancy costs.
Contribution To General Fund	615	693	649	617	0	617	This is mainly a contribution to the Corporate and Democratic Core, the HRA paying its share towards Democratic Representation and Management, and such Corporate Costs as the head of the paid service (Chief Executive), direct management of services and the provision of advice and support to Members.
Hsg. Man. Support Servs.	150	155	159	165	0	165	3.1% Year on Year increase due to change in support recharges
Managing Tenancies	1,006	990	1,074	1,088	0	1,088	The Council's restructure has changed many of the recharges, this does not affect the Council's bottom line. But does affect service headings. 9.9% Year on Year increase.
New House Builds	351	237	311	309	0	309	A new heading for any Costs that cannot be charged to Capital. That is to say these costs relate to abortive work or work that does not comply with the strict definitions necessary for recognition as an asset.
Policy & Management	375	402	391	414	0	414	Contains the Director and Senior Management. 3% Year on Year increase.
Rent Accounting & Collection	628	642	610	667	0	667	The changes in the budgets reflect the additional effort now required to collect rents as a consequence of the welfare reforms. 3.9% Year on year increase, £16,000 Banking & Cash cost in 2015/16.
Repairs Management	647	680	673	699	0	699	The Council's restructure has changed many of the recharges, this does not affect the Council's bottom line. But does affect service headings. 2.8% increase year on year, Housing Assets recharge up.
Sale Of Council Houses	88	135	51	117	-26	91	Right to Buy Sales in 2013/14 and 2014/15 have been at an increased level.
Tenant Participation	85	90	87	79	0	79	Housing Staff support the Epping Forest Tenants and Leaseholders Federation, the Sheltered Housing Forum, a Leaseholders Association and a Repairs and Maintenance Focus Group.
Waiting Lists & Allocations	368	366	450	367	0	367	The 2014/15 Probable includes £76,000 for Legal expenses in connection with a legal challenge made to the council's allocation policy. The Council has won the case but is unlikely to receive any money back for the costs incurred defending the challenge.
Grand Total	4,376	4,468	4,561	4,642	-26	4,616	

**HOUSING REVENUE ACCOUNT
Supervision/Management Special**

	Sum of Actual 2013/14 £'000	Sum of Original Estimate 2014/15 £'000	Sum of Probable Outturn 2014/15 £'000	Sum of Gross Expenditure 2015/16 £'000	Sum of Gross Income 2015/16 £'000	Sum of Net Expenditure 2015/16 £'000		
Aged Persons Management	697		729	717	737	0	737	There has been an increase in 2015/16 to employee costs as a result of the pay award.
Aged Persons Support	371		388	370	384	0	384	There has been a minor increase in 2015/16 due to inflation on employee related costs.
Homelessness Management	278		279	255	263	0	263	Management costs have remained quite stable apart from an inflationary increase in 2015/16.
Homelessness Support Services	24		23	19	19	0	19	This budget relates to support given to those occupying the homeless hostel. Costs have reduced slightly from those originally estimated in 2014/15.
Special Items	2,321		2,425	2,332	2,467	0	2,467	In 2014/15 and 2015/16 Employee costs have increased as a result of the Pay Award. Heating up due to gas inflation. £68,000 more Removal Expenses and Compensation for 2015/16. Staircase lighting lower budgets for electricity and lower Support Service Recharge.
Grand Total	3,691		3,844	3,693	3,870	0	3,870	

HOUSING REVENUE ACCOUNT
Rents Rates Taxes Insurance and Other Expenditure

	Sum of Actual 2013/14	Sum of Original Estimate	Sum of Probable Outturn	Sum of Gross Expenditure 2015/16	Sum of Gross Income 2015/16	Sum of Net Expenditure 2015/16	
	£'000	2014/15 £'000	2014/15 £'000	£'000	£'000	£'000	
Rents/ Rates/Taxes/Insurance	542	521	525	526	0	526	Public Liability Insurance £40,000 less in Original to Original. However this is compensated for by additional Managerial and professional recharge in the sum of £56,000. This budget includes building insurance on the Council's dwellings. Void properties where Rates and Council Tax are payable. Also includes Water charges and Public Liability Insurance.
Grand Total	542	521	525	526	0	526	
Debt Management	50	52	74	83	0	83	Central Services support has increased.
Increase Bad & Doubtful Debts	16	250	129	100	0	100	Decrease in Bad Debt Provision due to delayed effect of Welfare Reforms.
Grand Total	66	302	203	183	0	183	
Capital Exp Charged To Revenue	0	5,700	5,200	4,900	0	4,900	This has remained at a high level to support the House Building Programme and that cannot be funded from the Major Repairs Reserve.
Grand Total	0	5,700	5,200	4,900	0	4,900	

HOUSING REVENUE ACCOUNT

	Sum of Actual 2013/14 £'000	Sum of Original Estimate 2014/15 £'000	Sum of Probable Outturn 2014/15 £'000	Sum of Gross Expenditure 2015/16 £'000	Sum of Gross Income 2015/16 £'000	Sum of Net Expenditure 2015/16 £'000
Depreciation	13,110	13,231	12,480	13,539	0	13,539
Grand Total	13,110	13,231	12,480	13,539	0	13,539

Under IFRS, introduced for the financial year 2010/11 there is a requirement to value and depreciate significant components of assets separately. The life cycles used until 31 March 2012 were based on the Decent Homes Standard, however from 1 April the Council's Modern Home Standard has been used which has meant that generally components will be replaced sooner than before. The effect was to increase substantially the depreciation charge - the Original Estimate rose to £18.4m. Since then the Council has agreed with the External Auditor a revised method of calculating the depreciation charge lowering it to £13.2m in 2014/15, and £13.5m in 2015.

In order to allow the transfer to full depreciation accounting and allow time for proper implementation, the draft determination published by CLG allows a transitional period of up to five years with authorities able to move across to full depreciation accounting beforehand should they wish. During this period, authorities would be allowed to continue to reverse out depreciation and impairment and allow the equivalent to the major repair costs in the self-financing valuation to hit the bottom line. This transitional period will also deal with any issues about short term affordability due to the way the HRA model operates. Once the transitional period is over, more depreciation will be locked in the Major Repairs Reserve, and not be available for Council House Building. However, the intention would be to adjust the Revenue Contribution to capital to maintain the current position.

**HOUSING REVENUE ACCOUNT
PROPERTY RELATED INCOME**

	Sum of Actual 2013/14	Sum of Original Estimate 2014/15	Sum of Probable Outturn 2014/15	Sum of Gross Expenditure re 2015/16	Sum of Gross Income 2015/16	Sum of Net Expenditure 2015/16	
	£'000	£'000	£'000	£'000	£'000	£'000	
Business Premises	-18	-16	-24	0	-19	-19	Income here relates to a few non dwelling rents that did not form part of the transfer to the General Fund in 2010/11
Charges for Services & Facilities	-1,980	-1,574	-1,614	0	-1,587	-1,587	Year on year income is quite stable but some variances are concealed. OAP Units Service Charge Income is down £40,000 but most of the other charges have increased.
Contribution from General Fund	-336	-383	-343	0	-356	-356	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. The year on year allocation from grounds maintenance has decreased.
Garages	-842	-832	-809	0	-830	-830	Garage rents are proposed to increase from £7-90 a week to £8-10 in 2015/16.
Gross Rent Of Dwellings	-30,702	-31,765	-31,631	0	-32,177	-32,177	The rental income estimate for 2014/15 is based on a slightly reduced stock of houses (53 RTB sales assumed in 2014/15, 37 in 2015/16). An average increase in rents of 2.2% (increase by £2.10 to £97.54 in 2015/16 average weekly rent) is proposed. Most Social Landlords re-let vacant property at the
Ground Rents	-10	-10	-10	0	-10	-10	This relates to the ground rents for leaseholders.
Grand Total	-33,888	-34,580	-34,431	0	-34,979	-34,979	

**HOUSING REVENUE ACCOUNT
INTEREST INCOME**

	Sum of Actual 2013/14 £'000	Sum of Original Estimate 2014/15 £'000	Sum of Probable Outturn 2014/15 £'000	Sum of Gross Expenditure 2015/16 £'000	Sum of Gross Income 2015/16 £'000	Sum of Net Expenditure 2015/16 £'000	
Interest On Capital Balances	-245	-269	-265	0	-283	-283	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 interest income relates to the charge made to the General Fund for its positive credit ceiling which in effect is due to internal borrowing from the HRA. The rate applied is the average rate on investments as above.
Interest On Revenue Balances	-130	-132	-130	0	-139	-139	The income here represents the interest earned from ongoing revenue balances on the HRA, Repairs Fund and Major Repairs Reserve accounts. This is based on an interest rate of 0.7% for probable outturn 2014/15 and 0.7% for 2015/16. It is anticipated that rates will rise in Q3 of 2015/16.
Mortgage Interest	-1	-1	0	0	0	0	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. Whilst the Council has now taken on debt related to HRA self financing the average rate on this is below the national rate at 3%. The charge on all mortgages is therefore the national rate. The standard national rate has remained the same at 3.13% since April 2009. No new notification has been received. There are now only three mortgages remaining.
Grand Total	-376	-402	-395	0	-422	-422	

**HOUSING REVENUE ACCOUNT
INTEREST PAYABLE**

	Sum of Actual 2013/14 £'000	Sum of Original Estimate 2014/15 £'000	Sum of Probable Outturn 2014/15 £'000	Sum of Gross Expenditur e 2015/16 £'000	Sum of Gross Income 2015/16 £'000	Sum of Net Expenditur e 2015/16 £'000
Self Financing Interest	5,526	5,532	5,529	5,566	0	5,566
Grand Total	5,526	5,532	5,529	5,566	0	5,566

The debt portfolio was agreed as £154m fixed rate between 3.45% and 3.5% and variable rate of £32m (currently at 0.57%) was taken out. The Interest on this debt is expected to be a little over £5.5m per annum compared to £6.3m assumed previously.

**HOUSING REVENUE ACCOUNT
SUPPORT AND TRADING SERVICES**

	Sum of Actual 2013/14 £'000	Sum of Original Estimate 2014/15 £'000	Sum of Probable Outturn 2014/15 £'000	Sum of Gross Expenditure 2015/16 £'000	Sum of Gross Income 2015/16 £'000	Sum of Net Expenditure 2015/16 £'000
Building Maintenance - O'Heads	0	0	0	2,547	-2,547	0
Communities Policy Group	0	0	0	827	-827	0
Housing Resources	0	0	0	640	-640	0
Housing Services Admin	0	0	0	520	-520	0
Grand Total	0	0	0	4,534	-4,534	0

0 This budget relates to the Director and Assistant Directors of Communities. The majority of costs are recharged to the HRA which is why this is reported here.

HOUSING DIRECTORATE									
HOUSING REPAIRS FUND FIVE YEAR PROGRAMME									
ACTUAL 2013/14	DETAIL	ORIGINAL ESTIMATE 2014/15	PROBABLE OUTTURN 2014/15	ORIGINAL ESTIMATE 2015/16	FORECAST SPENDING				
					2016/17	2017/18	2018/19	2019/20	
£000's		£000's	£000's	£000's	£000's	£000's	£000's	£000's	
2,534	Responsive Repairs	2,591	2,709	2,879	2,600	2,500	2,500	2,500	This budget is categorised into responsive repairs, special works expenses, decorating allowances, asbestos removal, door entry maintenance, windows maintenance, Norway House maintenance and drainage (rodding). Because these works are not planned, the budgets can fluctuate significantly from year to year. The probable outturn is expected to be more or less in line with that originally forecasted, with a slight decrease in 2015/16 and subsequent years.
1,351	Void Refurbishment	901	1,267	1,268	1,250	1,000	1,000	1,000	Void expenditure has been significantly increasing over the last few years. However in 2013/14 the changes in Housing Benefit regulations concerning Spare Rooms has caused more movement amongst tenants and a consequent increase in Void spend. This should reduce as tenants who wish to downsize achieve their objective.
2,095	Planned Maintenance/ Improvements	2,238	2,053	2,281	2,000	2,000	2,000	2,000	This budget is categorised into Gas servicing to council houses, Gas soundness checks and Sheltered housing heating. The longer term budget requirement is expected to be in the order of £2m.
63	Miscellaneous Projects	55	98	68	100	100	100	100	This budget is categorised into external lighting, disabled adaptations, compensation for improvements, sheltered scheme redecorations, estate enhancement fund, lift maintenance and digital TV repair.
12	Feasibilities	5	5	5	5	5	5	5	Little expenditure is expected in 2015/16 and there was only £12,000 spent in 2013/14. There are generally a few feasibilities each year and the amount included reflects this.
(100)	Less Income	(97)	(122)	(124)	(120)	(120)	(120)	(120)	These figures represent the expected contribution from leaseholders.
5,955	TOTAL EXPENDITURE	5,693	6,010	6,377	5,835	5,485	5,485	5,485	
(3,508)	Balance brought forward	(4,375)	(2,753)	(1,743)	(366)	(31)	(46)	(61)	
(5,200)	Contribution from H.R.A.	(5,000)	(5,000)	(5,000)	(5,500)	(5,500)	(5,500)	(5,500)	
5,955	Less Expenditure above	5,693	6,010	6,377	5,835	5,485	5,485	5,485	
(2,753)	BALANCE CARRIED FORWARD (SURPLUS) / DEFICIT	(3,682)	(1,743)	(366)	(31)	(46)	(61)	(76)	