



BASSETLAW

DISTRICT COUNCIL
NORTH NOTTINGHAMSHIRE

AUDIT AND PERFORMANCE SCRUTINY COMMITTEE

AGENDA

Extraordinary Meeting

to be held in

The Ceres Suite,

Town Hall, Worksop,

on

Monday, 9th January 2012

at

7.00 p.m.

(Please note time and venue)

(Please turn off mobile telephones during meetings.)

**In case of emergency, Members/officers can be contacted on the Council's
mobile telephone: 07702 670209)**

Bassetlaw-Serving North Nottinghamshire

District Council Offices, Potter Street, Worksop, Notts. S80 2AH

AUDIT AND PERFORMANCE SCRUTINY COMMITTEE

Membership 2011/12

Councillors Mrs. V. A. Bowles, H Burton , I. J Campbell, R. B. Carrington-Wilde, D. Challinor, P. Douglas, C. Entwistle, G. Freeman, M. T. Gray, B. Jones, P. C. Offer, C . Palmer, D. Potts, A. A. D. Tromans, Mrs. C. Troop and Mrs. V. Wanless

Substitute Members: Any Member except those appointed to the Cabinet

Quorum: 4 Members

Lead Officer for this Meeting

Ms. R. Theakstone - Ext. 3378

Administrator for this Meeting

Cara Crossland - Ext. 3254

EXTRAORDINARY MEETING

of the

AUDIT AND PERFORMANCE SCRUTINY COMMITTEE

Monday, 9th January 2012

INDEX OF AGENDA ITEMS

1. APOLOGIES FOR ABSENCE
2. DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS
(Members and Officers' attention is drawn to the attached notes and form)
 - (a) Members
 - (b) Officers

SECTION A – ITEMS FOR DISCUSSION IN PUBLIC

Key Decisions

3. REPORT(S) OF THE DIRECTOR OF RESOURCES*
 - (a) Housing Capital Programme 2012/13 to 2016/17 (Key Decision Number 302)
(pages 7-18)
 - (b) Housing Revenue Account Budget 2012/13 and Future Years to 2014/15
(Key Decision Number 298) (pages 19- 32)

Other Decisions

None.

Exempt Information Items

The press and public are likely to be excluded from the meeting during the consideration of the following items in accordance with Section 100A(4) of the Local Government Act 1972.

SECTION B - ITEMS FOR DISCUSSION IN PRIVATE

Key Decisions

None

Other Decisions

None

* Report attached

NOTES:

1. The papers enclosed with this Agenda are available in large print if required.
 2. Copies can be requested by contacting us on 01909-533254 or by e-mail cara.crossland@bassetlaw.gov.uk
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DECLARATION OF INTEREST

COMMITTEE

DATE

NAME OF MEMBER :

Levels of Interest

- 1. Personal
- 2. Personal and prejudicial

Agenda Item No.	REASON *	Level of Interest (1 or 2)
Signed		
Dated		

Note:

* When declaring an interest you must also state clearly the reason for your declaration.

Completion of this form is to aid the accurate recording of your interest in the Minutes. The signed form should be provided to the Minuting Clerk at the end of the meeting.

A nil return is not required.

It is still your responsibility to disclose any interests which you may have at the commencement of the meeting and at the commencement of the appropriate Agenda item.

DECLARATION OF INTERESTS

HOW TO USE THIS FORM

There are now only two types of Declaration of Interest:

Level 1 – Personal)	Details can be found in the Councillors
)	Code of Conduct which is contained in
)	the Council's Constitution (a summary is
Level 2 – Personal and Prejudicial)	printed below)

Upon receipt of the attached form you will need to enter the name and date of the Committee and your own name. By looking at the Agenda you will no doubt know immediately which Agenda Items will require you to make a Declaration of Interest.

Fill in the Agenda Item number in the first column of the form.

Enter the subject matter and any explanations you may wish to add in the second column.

In the third column you will need to enter **either** level 1 if you are declaring a personal interest, **or** level 2 if you are declaring a personal and prejudicial interest.

The form must then be signed and dated. Please remember that if during the actual meeting you realise that you need to declare an interest on an additional Agenda Item number please simply amend the form during the meeting.

The form must be handed into the Committee Administrator at the end of the meeting.

NB. The following is a summary prepared to assist Members in deciding at the actual meetings their position on INTERESTS it is not a substitute for studying the full explanation regarding INTERESTS, which is contained in the Council's Constitution and the Code of Conduct for Councillors, which is legally binding.

Members and Officers are welcome to seek, PREFERABLY WELL IN ADVANCE of a meeting advice from the Council's Monitoring Officer on INTERESTS.

Personal Interests

May relate to employment or business interests
May relate to property interests
May relate to contents
May relate to interests in other bodies
OR if a decision on the matter to be discussed:
MIGHT REASONABLY BE REGARDED AS AFFECTING (A MEMBER OR OFFICER) TO A GREATER EXTENT THAN OTHER COUNCIL TAX PAYERS, RATEPAYERS OR INHABITANTS OF THE AUTHORITY'S AREA, the well being or financial position of himself, a relative or a friend or any employment, business, interest, etc. of such a person.

Prejudicial Interests

A Member with a personal interest ALSO has a prejudicial interest if a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Members judgement of the public interest.
(Note – there are special provisions which may exclude the above provisions in certain circumstances.)

Action to be Taken – Personal Interests

Must disclose to the meeting
- existence of the interest
- the nature of the interest

Action to be Taken – Personal and Prejudicial Interests

Must:-
- declare existence and nature
- withdraw from the room
- not seek improperly to influence a decision on the matter.
(Note – there are some exceptions when acting in a scrutiny capacity.)

BASSETLAW DISTRICT COUNCIL

AUDIT & PERFORMANCE SCRUTINY COMMITTEE

9 JANUARY 2012

REPORT OF DIRECTOR OF RESOURCES

HOUSING CAPITAL PROGRAMME 2012/13 TO 2016/17

Cabinet Member: Finance & Property
Contact: Neil Taylor
Ext: 3221

1. Public Interest Test

The author of this report, Neil Taylor, has determined that the report is not confidential.

2. Purpose of the Report

To provide the Audit & Performance Scrutiny Committee with the attached report on the Housing Capital Programme 2012/13 to 2016/17, which will be reported to Cabinet on 10 January 2012.

3. Background and Discussion

As per the attached report.

4. Implications

a) For service users

As per the attached report.

b) Strategic & Policy

As per the attached report.

c) Financial - Ref: 12/92

As per the attached report.

d) Legal - Ref: 08/01/12

As per the attached report.

e) Human Resources

As per the attached report.

f) Community Safety, Equalities, Environmental

As per the attached report.

g) This is a key decision, number 302.

5. **Options, Risks and Reasons for Recommendations**

As per the attached report.

6. **Recommendations**

6.1 That Members note the Housing Capital Programme 2012/13 to 2016/17 report.

Background Papers

A1 Housing capital schemes
HRA Self-financing data

Location

Director of Resources

BASSETLAW DISTRICT COUNCIL

CABINET

10th JANUARY 2012

REPORT OF DIRECTOR OF RESOURCES

HOUSING CAPITAL PROGRAMME 2012/13 TO 2016/17

Cabinet Member: Finance & Property
Contact: Neil Taylor
Ext: 3221

1. Public Interest Test

1.1 The author of this report, Neil Taylor, has determined that the report is not confidential.

2. Purpose of the Report

2.1 To consider the Housing Capital Programme for 2012/13 to 2016/17 and make recommendations.

3. Background and Discussion

3.1 This report is important as 2012/13 signals:

- the final tranches of funding for the national Decent Homes programme; and
- the start of the new Self Financing Regime for the HRA.

3.2 Unlike previous years, which have been primarily designed to maximise the amount of Decent Homes funding available, this programme looks at wider agendas and is therefore more balanced and diverse.

3.3 In considering the schemes and the funding available, the first task is to complete the Decent Homes programme that has been Ministerially approved. To this end £3.5m has been included in both 2012/13 and the projections for 2013/14 (£7m in total).

3.4 The next priority that has been identified in conjunction with the Portfolioholder and A1 Housing is maintaining the standard beyond this level. Appendix 1 shows that a total of £15.16m has been identified as commitments to bring all the housing stock up to minimum decency levels.

3.5 Throughout 2011/12 officers and colleagues from A1 Housing have focused resources on photovoltaic assessments which culminated initially in a programme with E.On to provide free heating and lighting to 500 properties. This has been primarily targeted in the Tuxford area and ultimately the wider Bassetlaw district, although a reduction in the Feed in Tariff (FIT) has provided some uncertainty in the numbers to be installed. However, A1 officers are currently investigating further funding channels

with energy companies to deliver affordable warmth improvements in areas of high deprivation classed as CESP areas (Community Energy Saving Programme).

- 3.6 A1 Housing has also developed a sound tradition of pioneering air source and ground source heat pumps to properties that were previously dependent on expensive heating systems. A number of schemes have therefore been included in the 2012/13 – 2016/17 capital programme. The eight programme areas cumulate in investment of a £9.735m over the five years covered in this report, with £1.809m being recommended for 2012/13. During 2012/13 and 2013/14, two district heating schemes will be replaced at the Larwood sheltered scheme and at Ashford Court, and c140 homes will benefit from renewable energy schemes, £125,000 will be committed to improved home insulation, a pitched roof programme will be started, single UPVC windows will be replaced, and a higher security door programme will be started.
- 3.7 Other emerging priorities are anti-crime and community safety measures. The commitment to this is for £1.375m in 2012/13, with an outline total of £5.35m invested by 2016/17.
- 3.8 Finally, commitments to meet Disability Discrimination Act requirements and further home adaptations are being put forward with some £0.89m in 2012/13, up to a total £4.25m by 2016/17.
- 3.9 All these priorities have been consulted on with tenants (Tenant Investment Group) by A1 Housing in 2007 prior to commencement of the Decent Homes programme. Appendix 1 sets out the full set of commitments for all the financial years up until 2016/17. A report was tabled at the BDC/A1 Strategic Group showing a 5 year capital investment plan of £48m, however to reduce this to the affordable plan of £41m has meant taking out £3.5m of renewables, £2.5m of windows and £1m of doors from the five year programme.

Fuel Poverty

- 3.10 One of the biggest risks to the financial stability of Bassetlaw's tenants is their ability to pay energy bills and a level of household income that prevents them from being classed as 'fuel poor'. The aim of this new set of priorities in the capital programme should minimise fuel poverty wherever possible, ensuring properties have good levels of insulation, A-rated boilers, solar PV, renewable energy and efficient well maintained district heating schemes. A1 Housing set itself a target of 20% of the stock to be on some form of renewable heating by 2020. Progress towards this can be seen below:

	Government Cumulative Target Nos	A1 Housing Cumulative Actual Nos	A1 Housing Planned Nos
2009/10	128	170	170
2010/11	256	200	30
2011/12	384	271	71
2012/13	512	615	344
2013/14	640		
2014/15	768		

2015/16	896		
2016/17	1,024		
2017/18	1,152		
2018/19	1,280		
2019/20	1,408		

- 3.11 The major planned scheme for the Tuxford area and surrounding villages in 2012/13 (which was reported to Cabinet in September 2011) puts progress towards the target back on track if deliverable (refer to para 3.5 above).

Crime and Community Safety

- 3.12 This priority group of projects includes not just property protection, but also environmental protection to assist with community wide safety. Crime risk can be minimised in the home with 'Secured by Design' windows and doors, but it is often the community projects that reduce anti-social behaviour and crime. Community safety doesn't however solely refer to crime but includes fire risk assessments, health protection from poor sanitation, waste management (2 or 3 bin systems for properties designed for only a single bin), Housing Health & Safety Rating System, safe car parking, putting footpaths into good repair and properties in a good state of structural repair. Appendix 2 sets out the main areas for improvement. The loss of the £400k income as a result of the cancelled Photovoltaic contract with E.On has been accounted for via a contribution from the Decent Homes and CESP funds allowing the full programme referred to at Appendix 2 to go ahead.
- 3.13 Fire Risk Assessments have provided one of the most significant additional funding requirements over the last few years - this will have to remain one of the first priorities on the annual delivery programme.

Disability

- 3.14 The main thrust of this area will be the requirement for the delivery of adaptations to council tenants (to mirror the Disabled Facilities Grant process for private sector residents). As part of this process it is important Bassetlaw remains innovative and adopts initiatives designed to reduce accidents and prevent the decline in people's health prematurely. This is where self-referral schemes are important. In addition, though this will always be a desire, the lifetime homes criteria (16 points relating to access in and around the home) should always be adopted wherever possible and schemes to improve some suitable properties would be beneficial. With new-build schemes, lifetime homes should always be a criteria for consideration.
- 3.15 Any pressures in this area can be kept to a minimum through good asset management and by obtaining grants wherever possible and working with partner organisations such as Bullocks, energy companies and maximising tariff schemes to ensure any duplication is removed from processes. Ensuring procurement delivers value contracts that deliver both the product, the service and specifications that ensure product delivery is maximised and repair obligations minimised. Relying on capital budgets without including the above will always leave Bassetlaw behind programme. It is important to note that the budgets outlined in Appendix 1 must remain flexible in their approach. The annual delivery plan will have to deliver current priorities which may defer work or omit it completely which is why the recommendations in this report have been written in the format they are.

Vehicle Replacement

- 3.16 The vehicle fleet currently employed by A1 Housing has been in operation since the ALMO's inception and was originally planned for a lifecycle of five years – this was extended for a further two years in 2009/10. There is now a need to replace the vehicle fleet and a sum of £1.125m has been built into the capital budget for 2012/13.

Funding

- 3.17 Originally Ministers were minded to fund the remaining Decent Homes commitments by reducing the level of net debt to be transferred from the DCLG to each authority. However, following the final announcement on Self-Financing the decision has been made to transfer the full amount of debt to councils and then provide a cash grant for the Decent Homes schemes. In Bassetlaw's case a grant of £7.0m in total has been provided for 2012/13 and 2013/14 (£3.5m each year) and this has been netted off against the gross capital programme figures. A further bid for £2.3m of HCA funding in respect of non-traditional dwellings has already been submitted for 2014/15, but it is not expected to get a decision during the timescales of this report.
- 3.18 Furthermore it should be noted that officers applied and gained successful approval by the Homes and Communities Agency to bring forward £1m of Decent Homes borrowing approval to 2011/12 from 2012/13. This is not reflected in the government's settlement figures, and the margin of safety may therefore change as a result of this amendment.
- 3.19 The new Self Financing Regime for the Housing Revenue Account starts on the 1st April 2012, and under it councils can self-finance capital investment provided they maintain their commitments within the borrowing limit. In addition to this, capital receipts from council house sales can also be used to finance capital expenditure, and if there is enough flexibility, revenue contributions to capital can also be made.
- 3.20 As part of the Chancellor's Autumn Statement made on the 29th November, 2011 the Government announced proposals to increase the discounts to council house owners in a drive to foster more sales and further promote home ownership. At the time of writing this report no further details are available, but the numbers of homes estimated to be sold in the next five years have been included in the funding profiles for housing investment at the current level. They are:

	Number of sales	Estimated Net Capital Receipt £'000
2012/13	5	71
2013/14	5	73
2014/15	5	75
2015/16	10	153
2016/17	15	236

- 3.21 In summary, the Housing Capital Programme for 2012/13 totals £11.379m, which is to be funded by:

- £5.0m from the Major Repairs Reserve;

- £3.500m of Decent Homes Specific Grant;
- £1.308m from revenue contributions;
- £0.071m of capital receipts from council house sales.

Plus

- Additional capital borrowing of £1.5m

3.22 Members will note that the level of revenue contributions are significant to the coherence of the unfolding plan. It also emphasises the importance of the value for money savings in the Housing Revenue Account and the commitment required on rents to maintain the level of quality that tenants now expect and are demanding. The previous level of revenue contributions each year was nil.

Affordability

3.23 Bassetlaw's Overall Borrowing Limit under the self-financing valuation is £106.5m, and the Council cannot breach this limit. In considering the report Members therefore need to see the interaction between existing commitments – the existing level of HRA long term debt, the amount of internal and temporary borrowing, the amount transferred from the DCLG as part of the self-financing settlement, plus the commitments outlined in this report, less any loan repayments and/or new borrowings.

It is the marginal value between these five components Members need to assess over the period of the capital programme:

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Overall Borrowing Limit	106.500	106.500	106.500	106.500	106.500
Less:					
Existing HRA Long Term Debt	59.769	59.769	59.769	59.543	59.543
Internal debt/temporary Loans	8.886	8.886	8.886	9.112	9.112
DCLG Transferred Debt (subject to £1m adjustment re para 3.18)	27.517	27.517	27.517	27.517	27.517
Additional Replacement Borrowing	0	0	3.0 New loan 0.226 Internal	0	0
Additional borrowing for new capital expenditure (cumulative)	1.500	2.500	2.500	2.500	2.500
Plus:					
Scheduled Debt Repayments (refer to para 3.20)	0	0	(3.226)	0	0

Margin of Safety:	8.828	7.828	7.828	7.828	7.828
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3.24 At the Member seminar on HRA Self Financing presentation on the 31st October, 2011 Bassetlaw's loan financing profile was outlined for the next thirty years. As far as the transferred debt profile was concerned, the major changes within the next 10 years are at the following milestone dates:

	Years Into The Self Financing System	BDC Repayment £m	Proportion that relates to HRA debt %	Impact on the HRA Debt Position £m
2014/15	3	4.0	80.65	3.2
2017/18	6	5.0	80.65	4.0
2019/20	8	4.0	80.65	3.2

3.25 As the above figures show, with the cessation of the Decent Homes programme and the Housing Subsidy arrangements there is a direct impact on the decisions made on:

- (i) the level of capital investment
- (ii) the pace of that investment, and
- (iii) the levels of rent that tenants will be asked to pay for the quality of homes they live in.

3.26 As was outlined earlier in the year in the run up to Self Financing the first few years of the new system could be tight as the Overall Borrowing Limit figure is now the only external parameter to Members decisions. In this regard the level of annual revenue support each year over the five years of the programme should not be underestimated, as without it the ceiling on borrowing would soon be hit.

3.27 In this instance considerations need to be made about the pace of investment and improvement as if an ambitious and proactive approach is taken in 2012/13 and 2013/14 there will be little margin left between the commitments made and the maximum amount of debt finance available to Bassetlaw from 2015/16 onwards. It is envisaged that the three maturing loans as outlined above are all replaced in year, with no permanent loan repayments being made within the first 10 years. From 2022/23 the HRA Business Plan gives more room for choice, but there will be no margins or any ability to respond to any issues that develop if the Council more or less moves straight to the Overall Borrowing Limit in the first few years of the new system. A long term approach is therefore essential.

4. Implications

- a) For service users. Considered in tandem with the Housing Revenue Account Budget 2012/13 & Future Years to 2014/15 report the link between capital decisions on investment and the revenue account is self-evident, as is the relationship between income (rents) and expenditure (improvements and repairs). This is partly skewed by the control of the Overall Borrowing Limit and Members need to decide if they wish to pace the level of improvements or make immediate commitments to the programme submitted on the priority areas put forward.

- b) Strategic & Policy. There are a number of programme areas that are emerging as part of the post Decent Homes era and the start of the new Corporate Plan for Bassetlaw. These are outlined in the report.
- c) Financial - Ref:
These are summarised on para 3.23.
- d) Legal – Ref:
These are contained in the report.
- e) Human Resources
None arising directly from this report.
- f) Community Safety, Equalities, Environmental
Commitments to disabled adaptions – STEVE
- g) This is Key Decision number 302.

5. Options, Risks and Reasons for Recommendations

- 5.1 Members can decide what schemes to include or exclude, and the timing of those commitments. The summary provided under the section on Affordability, (para 3.23) sets out the full situation. In coming to a view on what priorities Members want to establish consideration must be given to the overall limit on investment set by the Overall Borrowing Limit of £106.5m, as this does not increase with any allowance for inflation.
- 5.2 The Five Year Plan as outlined in Appendix 1 be approved to limit the overall level of borrowing to £98.672m by 2016/17.

6. Conclusions

- 6.1 2012/13 is the first operational year of the Self Financing Regime for the Housing Revenue Account and there are some remaining commitments to the remainder of the Decent Homes programme.
- 6.2 As this is the first year of a significantly different set of financing arrangements there needs to be some flexibility in dealing with any changes to either the programme itself or background elements of the financing regime. A key factor now will be the depreciation calculation that goes into the HRA and this will be externally audited. This is essentially an issue of accounting, but as was shown two years ago the District Auditor can direct the Council to change what has been provided for, and this will provide a knock on effect to the HRA.
- 6.3 What should be avoided at all costs is a full commitment right up to the Overall Borrowing Limit of £106.5m, the Council will always need some room for manoeuvre and for this reason only full approval for the 2012/13 programme is being sought at this stage. Following years' capital programmes are therefore only being approved on an indicative basis and will be confirmed in succeeding financial years.

7. Recommendations

- 7.1 Members approve the programme set out in Appendix 1 of the report for 2012/13 and Cabinet recommends this to Full Council on the 13th February 2012.
- 7.2 Members approve the indicative programmes for 2013/14 – 2016/17 in Appendix 1 of the report and Cabinet recommends this to Full Council on the 13th February 2012.
- 7.3 Members approve an increase of £27,517,000 in the treasury management borrowing limits and delegated powers to officers from the period of March and April 2012 to accept the additional debt being transferred from the DCLG, and the loan from the Public Works Loan Board to pay for it.

Background Papers

		Location
A1 Housing Capital Schemes		Director of Resources
HRA Self Financing data		

HRA 5 Year Capital Investment Plan

	2012/13	2013/14	2014/15	2015/16	2016/17	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
DECENT HOMES						
Achieving the standard delayed by the funding cut	3,500	3,500	-	-	-	7,000
Maintaining the standard beyond that	2,680	3,120	3,120	3,120	3,120	15,160
FUEL POVERTY						
Ashford Court District Heating scheme, possible renewable energy replacement.	250	250	-	-	-	500
Larwood Sheltered housing scheme – installation of independent heating system.	140	-	-	-	-	140
Renewable Energy schemes to a further 1000 properties that are on expensive heating systems.	200	350	850	800	800	3,000
Increasing insulation levels across the stock beyond the minimum, dealing with all solid wall properties.	125	125	125	125	125	625
Flat to pitch roof conversions of flats	150	150	150	150	150	750
Replacement of single glazed uPVC windows – circa 2500 properties	500	500	500	500	500	2,500
External Doors to higher standards of security and insulation – circa 2700 properties	394	394	394	394	394	1,970
Extension of PV Solar – reduction of feed in tariff will mean potential for capital investment from landlord.	50	50	50	50	50	250
CRIME & DISORDER						
Fire Risk Assessments – the costs in relation to Fire Safety has increased following the new legislation. Extra Care facilities will mean new requirements placad on social housing landlords in particular, when situations of bed ridden tenants exist.	400	400	-	-	-	800
Improve Community centre fire safety in order to deliver a full range of services.	100	100	-	-	-	200
Fire protection to 150 blocks of flats with communal areas.	450	450	350	350	350	1,950
Stuctural Repairs	350	350	350	150	150	1,350
Waste storage, communal areas and dwellings where 2 bins are difficult to manage	25	25	90	100	110	350
Estate parking, car volume has increased.	25	25	90	100	110	350
Repair to un-adopted roads and paths.	25	25	90	100	110	350
DISABILITY						
Adaptations, more care in the home.	700	675	650	625	600	3,250
Lifetime homes – Adaptation of suitable properties to include level access throughout.	75	75	75	75	75	375
Self-referral process is growing.	50	55	60	65	70	300
Communal Areas around 300 blocks of flats require DDA compliance.	65	65	65	65	65	325
VEHICLE REPLACEMENT						
Vehicle Fleet	1,125	-	-	-	-	1,125
TOTALS	£ 11,379	£ 10,684	£ 7,009	£ 6,769	£ 6,779	£ 42,620

FINANCED BY:

	2012/13	2013/14	2014/15	2015/16	2016/17	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Major Repairs Reserve	5,000	5,000	5,000	5,000	5,000	25,000
Decent Homes Funding	3,500	3,500	-	-	-	7,000
Revenue Contributions	1,308	1,111	1,934	1,616	1,543	7,512
Capital Receipts	71	73	75	153	236	608
Total Non Loan Funding	£ 9,879	£ 9,684	£ 7,009	£ 6,769	£ 6,779	£ 40,120
Loan Finance - Counting Against The Borrowing Limit	£ 1,500	£ 1,000	£ -	£ -	£ -	£ 2,500
Margin of Safety Remaining From Borrowing Limit of £106.5m :	£ 8,828	£ 7,828	£ 7,828	£ 7,828	£ 7,828	£ 10,328

Proposed Window and Door programme 2012

Appendix 2

Following the approval of £400,000 additional funding for Windows and Doors, the following streets require additional work, generally to houses, to upgrade the glazing to double and the installation of doors. Over the next 12 months these streets will be resurveyed to ensure the windows and doors are addressed and completed.

The Decent Homes programme and CESP funding will top up the £400,000 to deliver the scheme which would be in excess on £1.4m.

Prospect	Kilton	Hallcroft	St Saviours
Beechcroft	Browning Close	East Walk	Holmes Road
Cumbria Road	Burns Road	Hallcroft Road	Hirst Road
Mercia Close	Byron Way	Leafield	Spital Hill
Northumbria Close	Carnoustie	Milnercroft	Wellington Street
Northwood	Chesterton Drive	Northfield Way	Wellington Square
Primrose Way	Cowper Close	West Furlong	
Ravens Court	Dickens Road	The Glebe	
Ridgeway	Dryden Dale	Cherry Holt	
Ringwood	Fingleton		
Southdene	Goldsmith Road		
Sunnymede	Herrick Drive		
Wessex Road	Jardine		
Westway	Kilton Hill		
	Larwood Avenue		
	Longfellow Drive		
	Masefield Place		
	Milton Drive		
	Plantation Hill		
	Rayton Spur		
	Rossetti Gardens		
	Sitwell Road		

BASSETLAW DISTRICT COUNCIL

AUDIT & PERFORMANCE SCRUTINY COMMITTEE

9 JANUARY 2012

REPORT OF DIRECTOR OF RESOURCES

**HOUSING REVENUE ACCOUNT BUDGET 2012/13 & FUTURE YEARS TO
2014/15**

Cabinet Member: Finance & Property
Contact: Neil Taylor
Ext: 3221

1. Public Interest Test

The author of this report, Neil Taylor, has determined that the report is not confidential.

2. Purpose of the Report

To provide the Audit & Performance Scrutiny Committee with the attached report on the Housing Revenue Account Budget 2012/13 & Future Years to 2014/15, which will be reported to Cabinet on 10 January 2012.

3. Background and Discussion

As per the attached report.

4. Implications

a) For service users

As per the attached report.

b) Strategic & Policy

As per the attached report.

c) Financial - Ref: 12/88

As per the attached report.

d) Legal – Ref: 06/01/12

As per the attached report.

- e) Human Resources

As per the attached report.

- f) Community Safety, Equalities, Environmental

As per the attached report.

- g) This is a key decision, number 298.

5. Options, Risks and Reasons for Recommendations

As per the attached report.

6. Recommendations

- 6.1 That Members note the Housing Revenue Account Budget 2012/13 & Future Years to 2014/15 report.

Background Papers

Self-financing data
HRA budget papers

Location

Director of Resources

BASSETLAW DISTRICT COUNCIL

CABINET

10th JANUARY 2012

REPORT OF DIRECTOR OF RESOURCES

**HOUSING REVENUE ACCOUNT BUDGET 2012/13
& FUTURE YEARS TO 2014/15**

Cabinet Member: Finance & Property
Contact: Neil Taylor
Ext: 3221

1. Public Interest Test

- 1.1 The author of this report, Neil Taylor, has determined that the report is not confidential.

2. Purpose of the Report

- 2.1 To consider and approve the Housing Revenue Account budget for 2012/13 and provide indicative figures for 2013/14 and 2014/15.
- 2.2 To make recommendations to Council on the 13th February, 2012 to set the budget and rent levels for 2012/13.

3. Background and Discussion

- 3.1 Unlike the General Fund that comprises a range of different services, the Housing Revenue Account is a single service account which is funded by tenants' rent income for the social housing and the landlord functions Bassetlaw provides via the Arms Length Management Organisation, A1 Housing. Therefore all decisions on income and expenditure will have a direct impact on tenants' service levels and the level of investment in their homes.
- 3.2 This has been re-enforced by the new 'Self Financing Regime for Housing' which becomes effective from the 1st April, 2012. The previous subsidy arrangements whereby Bassetlaw paid c£3.5m annually to the Government, cease. Instead Bassetlaw will take over £27.517m of the national housing debt in a one-off transaction. The main attraction of this is that once the debt is paid off, Bassetlaw's commitment ends. The Department of Communities & Local Government's final settlement figures now mean that the Council must also operate within an overall borrowing limit of £106.5m for all loans. This is an absolute control and cannot be breached, should it occur the District Auditor has powers to direct the Council to reduce its commitments.
- 3.3 In addition to this the Council needs to split the Consolidated Loans Fund and establish separate Housing Revenue Account and General Fund loan balances. The figure for the HRA is £59.8m, with further internal borrowing up to the capital funding

requirement of £8.9m. Overall this has an average interest rate of 3.9% and these figures are reflected in the budget profiles. Adding in the additional borrowing of £27.5m this takes the total debt commitment under Self Financing to £96.2m. Therefore Bassetlaw is £10.3m under the debt limit and this is the limit for all future HRA investment in the medium term. This level will fluctuate as loans mature and are repaid, but the level of marginal change between each financial year is the area requiring management in considering the HRA capital programme and future investment aspirations, plus the consequential revenue impact on the HRA of the capital financing charges.

- 3.4 Until now the Decent Homes programme has dominated previous years' HRA investment (£63.8m has been invested between 2007 and 2011 which equates to nearly £9,200 per property). All capital resources have been focussed on this programme in the last five years as funding to bring kitchens, bathrooms and doors and windows up to modern standards has been the national priority:

Decent Homes Outturn				Revised Decent Homes Budget	
2007/08 £m	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	2012/13 £m
8.617	14.456	18.238	14.045	8.486	6.180

- 3.5 In 2010 Ministers scaled back the Decent Homes programme as part of the overall plan to reduce the national deficit, and Bassetlaw received approvals for borrowing allocations for £11.8m over the three years until 2013/14, instead of the £20.5m it bid for. Members now have more choice about what they can do under the self financing arrangements and the allied report on the HRA Capital Programme identifies six programme areas:

2012/13 - 2016/17 Programme	£m
Outstanding Decent Homes programme, (deferred after the 2011 Ministerial announcement)	7.000
Maintaining the Decent Homes Standard	15.160
Fuel Poverty (improving insulation and reducing energy costs)	9.735
Crime & Community Safety (doors and windows)	5.350
Disability adaptations	4.250
Vehicle Replacement	1.125
TOTAL	£42.620

- 3.6 Investment between 2012/13 and 2016/17 is projected at £42.620m, with £1.125m earmarked for vehicle replacement, and £41.495m investment in the Council's stock, approximately a further c£6,000 per property. It goes without saying that this needs to be paid for and the HRA needs to be financially sustainable over the period of the financing of that investment. This will be met from tenants' rent income as the financing costs of this investment will fall on the revenue account.

- 3.7 As the HRA Self Financing regime is based over a thirty year period, Members now need to consider each decision over this timeframe. Bassetlaw has invested heavily in bringing its stock up to date and improved the quality of its service to tenants through various external inspections of both Bassetlaw and A1. High levels of investment need to continue if a decline in standards over time is not to be experienced; and the levels of quality can only be maintained if rents levels are commensurate with the investment being made.

Value For Money and the A1 Housing Management Fee

- 3.8 As part of the progress to 2015 and the end of the current A1 Housing contract, officers have asked A1 to make 10% savings in their management costs for 2012/13 to offset reductions in other budgets. Whilst A1 have been successful in generating savings from contractors and their contracts in the last few years, this is the first time the Council has asked for a reduction in operating and management costs since the start of the contract in October 2004. A1's Management Team have therefore reviewed all their direct costs and identified £0.35m that will be saved next year from management and support costs, and this has been ploughed back into the repairs budgets to facilitate more works for the benefit of tenants. Furthermore, for the remaining years of the A1 contract to March 2015, a further target of £0.15m each year has been set to switch resources from establishment costs to the organisation's repairs budgets.

- 3.9 Members will be aware that as part of the Housing Options programme several services provided by both BDC and A1 are being considered for shared services. This has the potential to reduce the level of costs to both HRA and General Fund operations in:

- Communications
- Customer Services & Switchboard Support
- Equalities & Diversity
- Finance
- Health & Safety
- Home Improvement & Disability Grants
- Human Resource Management
- ICT

These considerations do not form part of this budget, as they are not sufficiently advanced but will be included in a change programme that will start in earnest in 2012.

Rents

- 3.10 The recommended rent increase for 2012/13 is 7.15% or an average of £4.62 per week. This comprises the September Retail Prices Index uplift, plus increases of 0.5%, plus a maximum cap of £2 (to protect individual properties from excessive increases), which form the basis of the calculations of the Government's settlement projections for the start of the new Self Financing regime. Increases of this level are required to match the funding assumptions in the Government's self-financing model. The figure is broken down to cover the following, together with indicative figures for the next two years:

	Average increase 2012/13		Average increase 2013/14		Average increase 2014/15	
	Per Week £	%	Per Week £	%	Per Week £	%
Retail Price Index inflation	3.61	5.60%	2.42	3.50%	1.79	2.50%
0.5% requirement	0.32	0.50%	0.34	0.50%	0.35	0.50%
Net Guideline Increase/Rent Restructuring adjustment	0.69	1.05%	(0.38)	(0.57%)	(0.39)	(0.56%)
Total:	£4.62	7.15%	£2.38	3.43%	£1.75	2.44%

(Based on a 52 week rent year)

- 3.11 Future rent increases must be charged in accordance with the objectives and framework set out in the Government's direction to the Regulator of November 2011. This states that:

"Registered providers shall set rents with a view to achieving the following so far as possible:

- *Rents conform with the pattern produced by the rent formula set out in the rent influencing regime guidance....but subject to the maximum rent levels specified in that guidance (rent caps);*
- *Weekly rent for accommodation increases each year by an amount which is no more than RPI + 0.5% + £2 until it reaches the upper limit of the rent cap;*
- *Weekly rent for accommodation that has reached the upper limit...increases each year by an amount that is no more than the increase to the target rents;*
- *Rent caps increase annually by RPI + 1%;*
- *Target rents increase annually by RPI + 0.5%."*

- 3.12 Rent convergence with the national formula rent is still required by 2015/16 (local authority rents are matched with levels of rent for housing associations), and the above methodology will ensure that Bassetlaw achieves this target. 2012/13 is the last year of any nationally set guidelines, however the above direction to the Regulator can be seen to be the control that the Government will use in future years.

- 3.13 From April 2012, Self Financing effectively provides Members with a fundamental choice about rent policies and service quality. If the stock is to continue to be improved and high standards maintained (as there are no external subsidy considerations) then tenants will pay for the quality and investment they receive. Whilst a consideration may be to reduce any of the proposed rent increase, it is the impact over the next thirty years that is the issue. i.e. if a 7% increase yields £1.67m in 2012/13, and a decision is made to reduce this to say 2.5% the impact over the 30

year period is £32.5m of lost investment in the housing stock. The cumulative effect of decisions made now can be illustrated here:

	Increase per week	Annual Revenue Generated	30 Year Impact
	£	£m	£m
2012/13 rent increase	4.62	1.665	49.960
2013/14 rent increase	2.38	0.855	25.663
2014/15 rent increase	1.75	0.629	18.856
Total			£94.479m

- 3.14 Whilst there may be some concerns about the level of increase, a significant number of tenants get assistance through the Housing Benefit scheme which currently supports 4,563, nearly c66% of all current tenants. Of these, c45% of all tenants receive a full rebate and pay nothing. (Housing Benefit is met by a charge to the General Fund, and in turn this is met by a grant from the DCLG currently covering 97% of the actual costs).
- 3.15 Bassetlaw's rents are currently £3.50 below the £68.14 target level for national convergence. Unlike other councils who are facing significant challenges to meet this target with significant rent increases, Bassetlaw's incremental approach has smoothed out any need for step changes. However, the Government have limited their support to "high" levels of rents and for some properties, whilst the tenant receives the full level of housing benefit, the full cost is not transferred to the General Fund. In 2012/13 the estimate of this activity will cost the HRA £0.68m (in 2011/12 it was £0.64m).
- 3.16 Members will also be aware that the Government is planning to introduce benefit limits for accommodation under occupancy as a move to make better use of housing resources nationally. In this instance single occupiers of say a four bedroomed house will face benefit penalties from 2013/14, of "three rooms" worth of benefit. This will only affect working age tenants and not pensioners. Housing officers estimate that this could affect as many as 1,302 properties, or c19% of the current housing stock which will be deemed to be under occupied under the proposed new arrangements. More work on this will be done throughout 2012.
- 3.17 At this stage there are no assumptions built into any forecasts for the effect of Universal Credits, which Ministers have said they wish to introduce from 2013/14. Bassetlaw made a rigorous response to the Consultation Paper and Ministers final decisions are awaited.

2011/12 Forecast Out-turn

- 3.18 The last budget monitoring report with figures up to the 30th September, 2011 shows the likely year-end position of the HRA for 2011/12 is likely to be a £0.525m underspend, with projected balances at £1.617m at the 31st March, 2012. This is principally due to lower interest and subsidy payments, which underlines the significance of such volatility. These resources will go into reserves at the 31st March 2012 for use in the first year of new Self Financing system.

Reserves

- 3.19 The level of recommended minimum balances for the Housing Revenue Account is £0.75m. As a result of self-financing, there is a direct correlation between the housing capital programme and the revenue position in so far as the Council may decide to spend all revenue balances above the declared minimum working balance on improving the quality of Bassetlaw's housing stock. However, it is recommended that the minimum working balance is increased to £1.0m as the HRA's gross budget is now larger in scale than the General Fund's gross budget (with a £4.2m annual commitment to interest payments alone). The officer recommendation is to also leave a sum of money above this level to provide some flexibility in the first year of Self Financing. Members should appreciate that any transfer risk of this magnitude is significant especially with an overall borrowing limit which cannot be breached.

Repairs & Maintenance

- 3.20 The amount of money spent on responsive repairs is estimated at £6.03m for 2012/13, compared to £10.254m for planned maintenance in the HRA's capital budget. This balance is deemed to be sound compared to the standard split of 40% responsive and 60% for planned repair expenditure.

Supporting People - Wardens' Services

- 3.21 At the October meeting of Cabinet, Members agreed changes to the Wardens' Service following the demise of the Supporting People funding from the County Council. From 1st April 2012 the service will be self-funding and move from a residence based service to a visiting service with appropriate charges. These changes are included in the estimates with a budget for future fees offsetting the loss of the Supporting People grant.

Pensions Provisions

- 3.22 Under the contract arrangements with A1 Housing they include, via the Management Fee the payment of all the employers' pension contributions from the start of the A1 contract. Bassetlaw is required to pay any shortfall for the employers' contributions before this time. Currently estimates of £1.09m per annum are included in the figures and will continue to do so until 2017 when all the arrears for pensions will be met.

Community Centres

- 3.23 Members received a report on Community Centres at the July Cabinet meeting. As there are a number of outstanding matters this will be reported back to Cabinet in June 2012 and considered then.

Depreciation

- 3.24 Under the previous HRA regime depreciation (the annual charges made to reflect historic assets and improvements) was an in/out adjustment which made no difference to the overall level of HRA resources. Under the Self Financing regime these calculations are more important as all depreciation adjustments are in effect 'real' cash set aside for investment, and then used up once the asset or improvement they originally financed needs to be replaced. The estimated value of the existing

levels of depreciation in the HRA is circa £5.0m for 2012/13. Whilst this is a technical matter if the District Auditor directs the Council to make changes to the basis of valuation and depreciation methodologies this will have an impact on levels of Bassetlaw's HRA resources available to spend.

4. Implications

- a) For service users. Bassetlaw provides homes to 6,900 for its residents, and this makes up some 14% of the number of homes in the district. The change to the Self Financing regime is the most significant event in local authority housing finance since 1989. It transfers a significant amount of risk to local authorities as the central subsidy system and its associated restraints cease at the end of 2011/12.
- b) Strategic & Policy. Decisions about the long term financial health of Bassetlaw's council housing are now local ones, and Members now have a lot more influence over more significant matters of choice than previously. Long term decisions about quality and rent income are more pronounced as is the long term financial stability of Bassetlaw's HRA. With the end of the bulk of the Decent Homes programme Members need to consider what improvements they wish to make. The table below outlines what improvements have been included in the 2012/13 capital programme:

	£m
• The outstanding Decent Homes improvements	6.180
• Measures to counter fuel poverty	1.809
• Crime Reduction & Community Safety and quality of life improvements to Bassetlaw's estates	1.375
• Disability adaptations	0.890
• Vehicle Replacement	<u>1.125</u>
TOTAL	£11.379m

If Members wish to be positive about the improvements that can be made then they need to generate the income to pay for them, and this will influence the Council's rent policies accordingly. As with anything else improvements need to be funded accordingly.

- c) Financial - Ref: 12/88. These are set out in the report, but the point that needs to be emphasised is that any decision now will impact over the long term. So, if Members decide to increase rents by the Guideline, the assumptions that are in the Self Financing model show this will have an income of £49.96m over a 30 year period. Each percentage variation from this is worth £3.89m over a similar period and will lower resources for improvements and the quality of service tenants receive.
- d) Legal – Ref: *(insert No.)*. These are set out in the report.
- e) Human Resources. There are none arising from the report.

- f) Community Safety, Equalities, Environmental.

The Council must ensure that decisions are made in such a way as to minimise unfairness and ensure that there is not a disproportionate effect on any protected group as defined in Equalities legislation. Recommendations to increase rent levels do not directly discriminate any particularly group as they apply across all tenants. Rent increases do however have a negative socio-economic impact for individuals. These are addressed either fully or partially by those able to access benefits. Both A1 Housing and Bassetlaw District Council provide financial and welfare advice and work with voluntary sector partners to ensure tenants can receive advice and support.

- g) This is Key Decision number 298.

5. Options, Risks and Reasons for Recommendations

- 5.1 The Council needs to set a balanced budget for its HRA services with income equalling expenditure, and ensure that:

(i) it does not breach the overall borrowing limit of £106.5m at any stage. The District Auditor will take action if it does.

(ii) that the Housing Revenue Account remains solvent, with the adequate reserves of a "going concern".

- 5.2 The Council also needs to achieve the convergence of its rents to the national guideline by 2015/16, but it is unclear what sanctions there are for this if this is not achieved, and as such this is an unknown risk.

- 5.3 This budget sets out the approach to maintain levels of quality and investment, comply with the borrowing limit, and meet the Government's rent assumptions in a move to meet its rent convergence target by 2015/16. The rent increase of 7.15% could be lowered, but this will impact on the levels of investment and impact on successive financial years, as these resources will be denied over the successive years of the financing plan. It will also result in a Direction from central government to meet convergence by 2015/16, if not now then within that timescale.

6. Conclusions

- 6.1 As a consequence of the change to self-financing the Council will have full access to the income it generates from properties within the HRA, instead of having to pay a substantial portion of rents into a national pot for redistribution by the Government. Removal of the annual HRA Subsidy determination is also intended to provide greater certainty for stock-owning housing authorities, which removes a recognised existing barrier to long term stock investment and asset management planning. It is also intended to result in a self-sufficient HRA, in which income from tenants is used to pay for the delivery of services to tenants and investment in the housing stock.
- 6.2 The transition to self-financing means there will be significantly reduced capacity for the Council to fall back on Government support in delivering its housing service. This represents a key shift in risks, with the Council taking full responsibility for managing and maintaining its own housing stock in return for access to all of its revenue income.

- 6.3 For these reasons the budget has been framed to minimise any risks, at least for the first year of the new system. Members have a clear set of recommendations to support a soundly financed housing service as the 2012/13 budget will set the foundation for the next 30 years of council house funding in Bassetlaw.

7. Recommendations

Cabinet to consider and agree the following recommendations:

- 7.1 That Cabinet recommends to Council the approval of the Housing Revenue Account budget for 2012/13 and provide indicative figures for 2013/14 and 2014/15 to Full Council on the 13th February 2012 (per Appendix 1 of this report).
- 7.2 That Cabinet recommends to Council an average rent increase of 7.15% for 2012/13 in accordance with the nationally set Rent Guideline criteria.
- 7.3 That Cabinet recommends to Council in accordance with best practice, indicative increases of 3.43% for 2013/14 and 2.44% for 2014/15 (per Appendix 2 of this report).
- 7.4 The minimum level of HRA reserves is increased from £0.75m to £1.0m from 2012/13 onwards in recognition of the increased overall funding value of the HRA to £106.5m.

Background Papers:

Location:

Self Financing Data

Director of Resources

HRA Budget Papers

RENT RESTRUCTURING

Year		Average Rents *					Overall £	Formula Rent £
		Bedsit £	1 Bed £	2 Bed £	3 Bed £	4+ Bed £		
1	2002.03	44.51	45.78	47.52	48.42	48.84	47.36	41.30
2	2003.04	44.17	46.26	48.50	49.42	50.14	48.20	42.65
3	2004.05	44.05	47.04	49.83	50.77	51.83	49.38	44.33
4	2005.06	43.91	47.98	51.49	52.49	53.99	50.86	46.12
5	2006.07	44.11	49.19	53.36	54.79	57.03	52.70	53.77
6	2007.08	44.61	51.19	55.87	57.58	60.73	55.16	55.97
7	2008.09	44.07	53.32	58.60	60.50	63.98	57.76	58.44
8	2009.10	44.93	54.48	60.05	62.12	65.87	59.19	61.65
9	2010.11	45.04	55.24	61.68	64.40	68.89	60.81	61.10
10	2011.12	47.39	58.40	65.56	68.70	73.90	64.64	64.23
11	2012.13	50.28	62.25	70.23	73.86	79.91	69.26	68.14
12	2013.14	51.48	64.05	72.62	76.65	83.41	71.64	70.87
13	2014.15	52.20	65.27	74.38	78.78	86.23	73.39	73.00
14	2015.16	52.91	66.50	76.18	80.97	89.14	75.17	75.17
15	2016.17	54.50	68.50	78.47	83.40	91.81	77.43	77.43
16	2017.18	56.13	70.55	80.83	85.90	94.56	79.76	79.76
17	2018.19	57.82	72.67	83.26	88.48	97.40	82.15	82.15
Stock Numbers		125	1704	2709	2271	121	6,930	

* 52 Week Rents and current stock

Shaded years show convergence between actual & formula rents

INCREASES BY PROPERTY TYPES						
	Bedsit £	1 Bed £	2 Bed £	3 Bed £	4+ Bed £	Overall £
2011.12	47.39	58.40	65.56	68.70	73.90	64.64
2012.13	50.28	62.25	70.23	73.86	79.91	69.26
£	2.88	3.85	4.67	5.15	6.01	4.62
%	6.08%	6.59%	7.13%	7.50%	8.14%	7.15%

RENT RESTRUCTURING

Year		Average Rents *						Formula Rent £
		Bedsit £	1 Bed £	2 Bed £	3 Bed £	4+ Bed £	Overall £	
1	2002.03	44.51	45.78	47.52	48.42	48.84	47.36	41.30
2	2003.04	44.17	46.26	48.50	49.42	50.14	48.20	42.65
3	2004.05	44.05	47.04	49.83	50.77	51.83	49.38	44.33
4	2005.06	43.91	47.98	51.49	52.49	53.99	50.86	46.12
5	2006.07	44.11	49.19	53.36	54.79	57.03	52.70	53.77
6	2007.08	44.61	51.19	55.87	57.58	60.73	55.16	55.97
7	2008.09	44.07	53.32	58.60	60.50	63.98	57.76	58.44
8	2009.10	44.93	54.48	60.05	62.12	65.87	59.19	61.65
9	2010.11	45.04	55.24	61.68	64.40	68.89	60.81	61.10
10	2011.12	47.39	58.40	65.56	68.70	73.90	64.64	64.23
11	2012.13	50.28	62.25	70.23	73.86	79.91	69.26	68.14
12	2013.14	51.48	64.05	72.62	76.65	83.41	71.64	70.87
13	2014.15	52.20	65.27	74.38	78.78	86.23	73.39	73.00
14	2015.16	52.91	66.50	76.18	80.97	89.14	75.17	75.17
15	2016.17	54.50	68.50	78.47	83.40	91.81	77.43	77.43
16	2017.18	56.13	70.55	80.83	85.90	94.56	79.76	79.76
17	2018.19	57.82	72.67	83.26	88.48	97.40	82.15	82.15
Stock Numbers		125	1704	2709	2271	121	6,930	

* 52 Week Rents and current stock

Shaded years show convergence between actual & formula rents

INCREASES BY PROPERTY TYPES						
	Bedsit £	1 Bed £	2 Bed £	3 Bed £	4+ Bed £	Overall £
2011.12	47.39	58.40	65.56	68.70	73.90	64.64
2012.13	50.28	62.25	70.23	73.86	79.91	69.26
£	2.88	3.85	4.67	5.15	6.01	4.62
%	6.08%	6.59%	7.13%	7.50%	8.14%	7.15%

HOUSING REVENUE ACCOUNT - THREE YEAR BUDGET FORECAST

10th FEBRUARY BUDGET 2011/12		Employees £	Premises £	Transport £	Supplies and Services £	Third Party Payments £	Internal Services Recharged £	Capital Charges £	GROSS EXPEND £	INCOME £	NET EXPEND 2012/13 £	ESTIMATE 2013/14 £	ESTIMATE 2014/15 £
	A1 Housing												
38,000	A1 Management - Rents Rates & Taxes					20,000			20,000		20,000	20,000	20,000
5,905,200	A1 Management - Supervision and Management					5,825,200			5,825,200		5,825,200	5,661,200	5,497,200
5,678,600	A1 Management - Repairs & Maintenance					6,028,600			6,028,600		6,028,600	6,329,300	6,637,500
11,621,800	Total A1 Housing Management Fee	0	0	0	0	11,873,800	0	0	11,873,800	0	11,873,800	12,010,500	12,154,700
	Council Managed HRA Budgets												
	Expenditure												
130,700	Debtor Impairment Allowance				225,900				225,900		225,900	328,100	330,400
201,700	Debt Management Expenses						192,800		192,800		192,800	196,000	200,000
3,494,300	Main Housing Subsidy (inc MRA) payable								0		0	0	0
623,700	Rent Rebates-Subsidy Limitation				682,500				682,500		682,500	469,100	39,600
6,323,600	Depreciation							5,717,500	5,717,500		5,717,500	5,951,100	6,017,500
1,116,000	Management	1,138,800	163,300	3,000	74,400	569,500	277,500		2,226,500		2,226,500	1,744,300	1,793,400
11,890,000	Total Expenditure	1,138,800	163,300	3,000	982,800	569,500	470,300	5,717,500	9,045,200	0	9,045,200	8,678,600	8,380,900
	Income												
-199,400	District Heating - Charges								0	-159,100	-159,100	-146,000	-128,800
-23,336,100	Rent Income - Dwellings								0	-24,962,400	-24,962,400	-26,249,000	-26,429,500
-192,400	Rent Income - Garages								0	-198,900	-198,900	-207,800	-208,900
244,800	Rent Income - Voids								0	235,300	235,300	246,700	247,800
-64,900	Community Centre - Charges								0	-69,400	-69,400	-71,100	-72,900
-102,300	Rent Income - Shops								0	-104,300	-104,300	-106,300	-109,600
-16,000	Rent Income - Land & Wayleaves								0	-15,000	-15,000	-16,300	-15,700
-570,200	Supporting People Grant from NCC								0	-539,700	-539,700	0	0
0	Minimum Revenue Provision Recovered from A1								0	-129,400	-129,400	-258,800	-258,800
0	Warden Service Charges								0	-571,900	-571,900	-597,700	-600,900
-24,236,500	Total Income	0	0	0	0	0	0	0	0	-26,514,800	-26,514,800	-27,406,900	-27,577,300
-724,700	NET COST OF SERVICES	1,138,800	163,300	3,000	982,800	12,443,300	470,300	5,717,500	20,919,000	-26,514,800	-5,595,800	-6,716,800	-7,041,700
157,700	HRA Services share of Corporate and Democratic Core				119,400				119,400		119,400	119,400	119,400
168,400	HRA share of other amounts				286,800				286,800		286,800	286,800	286,800
100,900	Amortised Premiums and Discounts							74,900	74,900		74,900	73,100	0
0	Transfer to Minimum Revenue Provision							112,500	112,500		112,500	225,000	225,000
-145,100	GF Contribution to Shared Amenities								0	0	0	0	0
2,841,700	Interest & Mortgage Interest							4,193,600	4,193,600		4,193,600	4,243,600	4,243,600
-2,160,700	Transfer to Major Repairs Reserve								0		0	0	0
762,900	NET OPERATING EXPENDITURE	0	0	0	406,200	0	0	4,381,000	4,787,200	0	4,787,200	4,947,900	4,874,800
38,200	GROSS EXPENDITURE										-808,600	-1,768,900	-2,166,900
0	Revenue Contribution to Capital							1,308,000	1,308,000		1,308,000	1,111,000	1,934,000
38,200	HRA (Surplus)/Deficit for Year										499,400	-657,900	-232,900

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Balance b/fwd @ 1 April 2011	-1,129,117
Budgeted HRA Deficit 2011/12	38,200
Projected Year End Variance	-561,687
Balance c/fwd @ 1 April 2012	-1,652,604

Balance Brought Forward	-1,652,604	-1,153,204	-1,811,104
HRA Surplus (-)/Deficit	499,400	-657,900	-232,900
Balance Carried Forward	-1,153,204	-1,811,104	-2,044,004