

SUMMARY OF MAJOR MOVEMENTS IN HOUSING REVENUE ACCOUNT BUDGET 2017/18 - 2018/19

Note 1 - Dwelling Rents

The budget for Dwelling Rents reflects the 1% reduction in social rents announced by the Government in July 2015 (reduction of £500k).

A budget virement of £1.35m has been made for 2 reasons: firstly, to reduce the Dwelling Rent line by £1.1m and increase the Tenant Service Charge line to accurately budget for service charge income following the de-pooling of service charges from rents; secondly, to decrease Dwelling Rents by £250k and increase Supervision and Management to allow for rent payable to the General Fund for GRF properties being used for social rent. This had previously been budgeted as a cost in Supervision and Management but should be shown as a reduction in rental income.

Note 2 - Tenant Service Charges

The increase of £1.1m is the corresponding budget virement from Dwelling Rents, to correctly budget for service charges following the de-pooling of service charges from rental income.

Note 3 - Contributions to Expenditure

The budget for Contributions to Expenditure has been reduced by £210k to reflect reduced contribution from utilities. This is partially offset by a budgeted increase in income of £90k from minor capital receipts.

Note 4 - Repairs & Maintenance

The budget for Repairs and Maintenance has increased by a net £344k (3.3%) to reflect the ongoing pension liability for staff that transferred to the Council's main Housing Repairs contractor under TUPE. The increased liability is as a result of changes to pension regulations to consolidate bonus payments into pensionable pay.

Note 5 - Revenue Contribution to Capital

The Revenue Contribution to Capital has been reduced to balance the HRA in year. The effect on the funding of the capital programme can be offset for one year by utilising capital receipts from the sale of non Right to Buy properties (c. £2m) that have already been received. An annual capital receipt of £750k is expected on these sales going forward.

Note 6 - Supervision and Management

The draft budget includes the following assumptions:

A decrease of £250k from the corresponding budget virement from Dwelling Rents, to allow for rent payable to the General Fund for GRF properties being used for social rent which had previously been shown as a charge in Supervision and Management.

In line with estimates for the General Fund, salaries budgets include pay inflation of 1%, and provision has been made for a further 1% pay award.

Growth of £100k for feasibility studies in order to identify viable new build sites.

A saving of £140k following underspends in previous financial years in premises costs at Sheltered schemes.

Note 7 - Provision for Bad Debts

The provision for bad debts has been increased by £400k in 2018/19 to allow for the part year effect of the implementation of Universal Credit (UC) across the borough in 2018/19. It will be further increased by £300k in 2019/20, to show the anticipated full year effect of UC implementation. This will be updated once further details are released from the Chancellor's Budget.

Note 8 - Depreciation

The budgets for depreciation have been increased to reflect an increase in capital assets as a result of the new build programme, combined with inflation in house prices.