

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. The average dwelling rent is proposed to reduce from £102.24 in 2017/18 to £101.22 in 2018/19.

The rental income for 2018/19 is expected to be £245k higher than previous assumptions due to lower volume of Right to Buy sales in 2017/18.

Note 2 - Tenant Service Charges

There is an additional pressure of £70k on this line in the draft budget 2018/19 due to cessation of a grant from Herts County Council.

Note 3 - Interest and Investment Income

There is an increase to the draft budget for 2018/19 due to higher than anticipated reserve balances in the HRA.

Note 4 - 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, in line with the forecast outturn for 2017/18.

Note 5 - Repairs & Maintenance

The budget for Repairs and Maintenance has increased by a net £342k (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 6 - Revenue Contribution to Capital

The Revenue Contribution to Capital has been adjusted 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 7 - Supervision and Management

The draft budget includes the following assumptions:

In line with estimates for the General Fund, salaries budgets include pay inflation of 2%.

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.

There is an increase to the draft budget for 2018/19 due to revised estimates for recharges from the General Fund.

Note 8 - 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.

Note 9 - 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.

Note 10 - Earmarked Reserves

The balances held in earmarked reserves are higher than previously anticipated due to rescheduling of the HRA capital programme.