

SUMMARY OF MAJOR MOVEMENTS IN HOUSING REVENUE ACCOUNT BUDGET 2015/16 - 2016/17**Dwelling Rents**

The budget for Dwelling Rents reflects the 1% reduction in social rents announced by the Government in July 2015. The budgeted average dwelling rent is proposed to decrease from £105.66pw in 2015/16 to £104.80pw in 2016/17, an average decrease of 0.81% (net of increases for new tenancies during 2015/16).

Tenant Service Charges

The budget for Tenant Service Charges is increasing due to grant funding of £48k from Hertfordshire County Council which is being received for the sheltered scheme at Evelyn Sharp House. This grant had historically been part of the Supported Housing funding and as such was not expected to continue. There is also a proposed increase in Lifeline charges which is expected to generate an additional £55k.

Interest and Investment Income

The budget for Interest and Investment Income reflects increased balances from the sale of Right to Buy properties.

Contributions to Expenditure

The budget for Contributions to Expenditure has increased due to additional income to be generated from rechargeable repairs to current and former tenants. For the assumed additional income to be realised, a new post of 1 FTE will need to be recruited to.

Repairs & Maintenance

The budget for Repairs and Maintenance has increased by £440k (4.3%) to reflect the Council's asset management strategy of maintaining high quality housing stock that meets the locally determined "Dacorum Standard". The increase allows for inflation and includes an allowance for maintenance of new build properties.

Revenue Contribution to Capital

The budget for Revenue Contribution to Capital has increased by £4.8m, as a significant balance on the Strategic Acquisition Reserve will be released. This is as a result of the new Housing Business Plan (Cabinet November 2015), which proposes no new land acquisitions for new build sites. As a result, £6m from the Strategic Acquisitions reserve will be drawn down in 2016/17 to fund future capital expenditure including the new build programme.

Supervision and Management

The budget for 2016/17 reflects inflationary increases across services. There is also an increased recharge of £160k for Commercial Properties owned by the General Fund that are being used for HRA tenancies.

Depreciation

The budgets for depreciation have increased to reflect an increase in capital assets as a result of house price inflation.

Earmarked Reserves

£6m of the Strategic Acquisitions reserve will be released in 2016/17 to fund capital expenditure. A balance of £1m will be set aside to allow for any additional risks associated with further changes to Government Policy, or to allow for any internal policy changes.