

## APPENDIX G

### SUMMARY OF MAJOR MOVEMENTS IN HOUSING REVENUE ACCOUNT BUDGET 2016/17 - 2017/18

#### **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 £104.80pw in 2016/17 to £104.17pw in 2017/18, an average decrease of 0.6% (net of increases for new tenancies during 2016/17). The 2017/18 budget also includes a correction of £115k to the Supported Housing budget, following a review of the charges implemented as part of the statutory reform to housing rents.

#### **Tenant Service Charges**

The budget for Tenant Service Charges reflects an increase of £235k as a result of the proposed de-pooling of rents and service charges. An increase in the number of Lifeline customers and a price review is also expected to generate an additional £52k. An adjustment of £180k has been made to Tenant Service Charges to reflect rental income for supported housing of £180k which was previously budgeted in this category, but has now been budgeted correctly in Dwelling Rents.

#### **Repairs & Maintenance**

The budget for Repairs and Maintenance has increased by £569k (5.3%) 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, pressures identified during 2016/17, and an allowance for maintenance of new build properties.

#### **Supervision and Management**

The budget for 2017/18 reflects inflationary increases across services. There is also an increased recharge of £90k 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 the new build programme, combined with inflation in house prices.

#### **Revenue Contribution to Capital**

The balance of £9.9m will be contributed towards capital expenditure in line with the capital programme. Work is currently underway to update the business plan for January 2017, and any revenue balance which will not be used to fund expenditure in 2016/17 and 2017/18 will be contributed to earmarked reserves to fund capital expenditure in future years. The changes to earmarked reserves identified as part of the work will be updated in the HRA summary for the next joint Overview and Scrutiny Committee meeting.