

## 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 (reduction of £550k). 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). A reduction of £500k has been made to account for an increased level of sales under the Right to Buy policy. 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 £39k. 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. An additional £500k has been built into the budget for 2017/18 to allow for additional electrical testing to be undertaken on a cyclical basis following the publication of new testing guidelines.

### **Supervision and Management**

The budget for 2017/18 reflects inflationary increases across services. There is an increased recharge of £90k for Commercial Properties owned by the General Fund that are being used for HRA tenancies. An increase of £125k is due to the rise in Employer's pension contribution from 16% to 18.5% following a review of the pension provision.

### **Provision for Bad Debts**

The provision for bad debts has been increased by £50k in line with prior year's out-turn.

### **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 remaining balance of £9m will be contributed towards capital expenditure in line with the capital programme.