

Key Decision Required:	Yes	In the Forward Plan:	Yes
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**CABINET
26 JANUARY 2011**

JOINT REPORT OF HEAD OF HOUSING SERVICES AND HEAD OF FINANCIAL SERVICES

A3. HOUSING REVENUE ACCOUNT BUDGET PROPOSALS - REVISED BUDGET 2010/11 AND ORIGINAL BUDGET 2011/12

(Report prepared by Richard Barrett, Adam Peck and Paul Price)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To set out and seek approval of:

- A Revised Housing Revenue Account (HRA) budget for 2010/11
- An Original HRA Budget for 2011/12
- The level of rents and fees and charges for 2011/12.

EXECUTIVE SUMMARY

Following a comprehensive review of the estimates during the budget setting process, there is a revised estimated HRA surplus of **£0.359m** for 2010/11 (compared with **£0.131m** originally budgeted for) and a forecasted HRA surplus of **£0.381m** for 2011/12.

Although there are a number of factors influencing this position, the most significant items relate to changes in rental income, negative subsidy payable, interest receivable and repairs and maintenance related expenditure.

Although subject to change as the year progresses this level of forecasted surpluses would increase HRA balances to **£5.756m** by the end of March 2012. Notwithstanding the volatility and uncertainties in the current economic climate and unforeseen events, this level of HRA balances places the Council in a good position to support the continuing commitment to delivering high quality services to its tenants set against the background of the up-coming self financing framework and the potential adverse impact of changes to supporting people funding.

The estimates for 2011/12 provide for the continuation of rent restructuring within government guidelines, with an average weekly rent proposed of **£68.05**, representing an increase in the Council's average rent of **7.07%** compared to 2010/11. The consideration of the level of rent increases is important going into 2011/12 as this could be the last year of the current subsidy arrangements. The level of rents charged in 2011/12 will have a significant impact on the HRA business plan over 30 years as set out in more detail later in the report.

RECOMMENDATION(S)

(a) That Cabinet approves the 2011/12 Scale of Charges shown in Appendix B (VAT exclusive column) and that subject to any wider changes being made by Essex County Council, any amendments required to the charge for supporting people be delegated to the Head of Housing Services in consultation with the Housing Portfolio Holder.

- (b) That Cabinet approves the level of rents for 2011/12 based on an increase in the average rent of 7.07% with no tenant bearing an increase of more than the limit set out within the Government's rent setting policy of RPI (4.6%) + 0.5% plus £2.00 per week.
- (c) That subject to (a) and (b) above, Cabinet approves the Housing Revenue Account revised estimates for 2010/11 and original estimates for 2011/12 as set out in Appendix C and that the corporate financial system is amended accordingly to reflect these changes along with any amendments arising from the new International Financial Reporting requirements.
- (d) That subject to (c) above, when the specific subsidy determination relating to supported borrowing for 2011/12 is issued by the Government, if the financial position is more or less advantageous to the Council then any increase or decrease is adjusted against the transfer to / from HRA Balances and the HRA Capital Programme is adjusted accordingly in consultation with the Housing Portfolio Holder.
- (e) That subject to (c) above, when the final supporting people grant is issued by Essex County Council, if the financial position is less advantageous to the Council then any decrease is adjusted against the transfer to / from HRA Balances to enable a balanced budget to be set with a review of the service provision including fees and charges to be undertaken in 2011.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The HRA budget plays a significant role in the delivery of affordable and decent housing in the district and the Council's responsibilities as a landlord and has direct implications for the Council's ability to deliver on the priorities set out in the Corporate Plan.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The financial implications are set out in this report and its appendices.

Although the availability of financial resources is a key component in the delivery of HRA services there will also be a need for appropriate input of other resources such as staffing, assets, IT etc.

Risk

There are inherent risks associated with the forecast such as:

Reduced income

Emergence of additional areas of spend

New legislation / burdens including the new self financing framework

Inflation higher than estimated

Continuing adverse change in interest rates

In view of the above it is important that a sufficient level of balances / reserves is available to support the HRA. HRA Balances are currently forecast to remain in excess of **£5m** which although required to support the business plan in future years, provide a buffer in the short term if some of the items highlighted above emerge or to deal with changing

financial and service demand issues.

LEGAL

It is a statutory requirement on a local authority to determine its Housing Revenue Account budget before the upcoming financial year and to ensure that its implementation will not result in an overall debit balance on the Account.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

In carrying out its functions as a social landlord, the Council has regard to the need to reduce the potential for criminal activity by improving the security of dwellings as part of maintenance and repair programmes and for combating anti-social behaviour through effective management procedures.

Although there are no direct equality and diversity issues, the overall HRA and associated budget setting process aims to recognise and include in its financial decision making process any such issues where appropriate and relevant.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The Housing Revenue Account (HRA) is the Council's landlord account and it is 'ring fenced' for this purpose. Comprehensive rules and requirements surround the HRA such as specific accounting treatment and what items can or cannot be charged to the account.

Authorities are required to set a balanced HRA budget each year and agree the level of rents it wishes to charge, although it should be noted that the Government's current rent setting policy limits to a great extent local discretions.

During the budget setting process, it is necessary to identify, consider and take into account various factors that have an impact on HRA expenditure and income, such as:

- Rent restructuring and rent rebate limitation
- The Government's housing subsidy determinations
- Proposed fees and charges
- Repairs and maintenance requirements
- Other costs such as management, administration and inflation

This process is carried out within the overall framework of the HRA Business Plan to ensure that the delivery of the Council's housing service is sustainable in the medium to long term.

It is important to note that the budget for 2011/12 is set against the backcloth of two significant issues which are set out below:

Housing Finance Reform

Various documents and announcements have been published over the last twelve to eighteen months regarding the abolition of the subsidy system and a move to a self financing position at the local authority level. At their meeting on 16 June 2010 Cabinet

considered a prospectus / consultation document published by the previous Government and resolved that in principle it was supportive of the authority entering into self financing arrangements on the terms set out in the prospectus.

The latest position and commitment to the reform of housing finance was announced by the Coalition Government as part of the Spending Review on 20 October 2010. Although further announcements and information have been made available since this time, the move to a self financing position is subject to the progress of the Localism Bill which will provide the necessary legislative framework for implementation. The current indicated timescales associated with the Localism Bill would provide the basis for self financing to be implemented from April 2012. One important change since the Cabinet considered the prospectus is that it is now clear that moving to a self financing accounting system will be legislatively required rather than the optional approach set out in the prospectus.

When available any new terms arising since Cabinet considered the original prospectus will need to be considered. Further details are due to be received in the last quarter of 2010/11 but at this time the level of information that will be provided or its exact timing is not clear. The position is under on-going review and further reports will be presented to Members as appropriate.

Supporting People

The supporting people budget managed by Essex County Council (ECC) has come under increasing pressure in recent years although to date TDC has not experienced any significant adverse impact in terms of the supporting people grant it receives from ECC.

However the supporting people programme has been subject to a detailed review by ECC in 2010 set against the background of a reduction in the current grant ECC receives from the government along with the difficult overall financial settlement received for 2011/12 and 2012/13 that was announced on 13 December 2010.

The supporting people grant paid to ECC is no longer ringfenced and has been rolled into the overall formula grant rather than being set out separately as part of the area based grant as was the case previously. Announcements made as part of the SR 2010 highlighted that the overall government funding for supporting people was to decrease by 6% to 7% (12% in real terms). ECC are therefore currently reviewing the supporting people programme as part of their overall budget setting process. Although no details are yet known, there is a real danger and likelihood that given their supporting people grant is unringfenced and that ECC are likely to have competing priorities elsewhere within their overall budget, a greater level of reduction in the supporting people grant paid to districts, over and above the headline 6% to 7% reduction highlighted above, is a real possibility.

Full details from ECC are unlikely to emerge until they finalise their own budgets in January / February 2011. However for the purposes of setting the HRA budget, an approach has been taken in the interim period that is set out later on in this report.

HOUSING REVENUE ACCOUNT HIGH LEVEL SUMMARY 2010/11 AND 2011/12

A high level summary for each of the two years along with the HRA balances position is set out below. More information for significant items is provided in the next section of the report with detailed information also set out in **Appendix C**.

Housing Revenue Account	2010/11 Original £m	2010/11 Revised £m	2011/12 Original £m
Income (Dwelling rents and other operational income)	(11.300)	(11.307)	(12.032)
Expenditure (Incl. Management, Maintenance and Capital Charges)	11.450	11.231	11.943
Other Adjustments	(0.281)	(0.283)	(0.292)
SURPLUS FOR THE YEAR	(0.131)	(0.359)	(0.381)

REVISED ESTIMATE 2010/11

The revised estimate for 2010/11 shows an increased surplus of **£0.359m (an increase of £0.228m)** compared to the original budget of **£0.131m**). This revised position is made up of a mix of expenditure and income items, the most significant of which are set out below:

- Reduction in utility costs of **£0.102m**. Utility costs have been relatively volatile in recent years with the budget for 2010/11 amended to reflect the anticipated spend in the year which also takes account of 'credits' carried forward from 2009/10.
- Reduction in interest receivable on HRA balances of **£0.022m**. Similarly to the position reported for General Fund, interest rates and the impact of current financial markets has resulted in lower income being earned on investments.
- Reduced recharges from the General fund including insurance premiums. After taking into account the knock-on effect on the use of the repairs reserve the total reduction is **£0.098m**.
- Reduced net expenditure on a number of smaller items totalling **£0.050m**. The areas affected include Council Tax payable on empty properties, reduced borrowing costs and a small change in the negative subsidy payable to the Government.

ORIGINAL ESTIMATE 2011/12

The budget for 2011/12 forecasts a surplus of **£0.381m**, an increase of **£0.250m** compared to the original budget of **£0.131m** for 2010/11.

The significant items within this overall position include:

- An increase in the negative subsidy payable to the Government of **£0.335m** due mainly to the increase in the guideline or notional rent included in the subsidy calculations covered in more detail further on in this report.
- A general uplift of **£0.057m** (2%) for repairs and maintenance along with an uplift of **£0.065m** in respect of the major repairs allowance paid into the capital programme as calculated via the housing subsidy determinations.
- Increased rental income of **£0.685m** following the increase in weekly rents calculated in accordance with the government's rent setting formula.
- Similarly to 2010/11, there is a forecast reduction in the amount of interest receivable on HRA balances of **£0.022m** and reduced utility costs of **£0.029m**.
- Reduction in supporting people grant from ECC of **£0.028m**. This reduction has

been assumed for budget setting with further details set out later on in this report.

- There is a general increase in non dwelling income totalling **£0.041m** following an inflationary uplift in charges or an increase in charges to better reflect the cost of providing the related service.

HRA BALANCES

- **2010/11** – The proposed revised budget results in an estimated surplus of **£0.359m** remaining within the HRA at the end of the financial year which would increase the HRA balances to an estimated **£5.375m** by the end of March 2011.
- **2011/12** - The proposed budget for 2011/12 results in an estimated surplus of **£0.381m** by the end of March 2012. This budgeted surplus will increase the balance on the HRA to an estimated **£5.756m** and is in accordance with the 30 year HRA Business Plan which projects that surpluses will need to be accrued in the short to medium term to ensure that the HRA remains sustainable in the longer term and provides a strong base to move to a self financing framework from April 2012.

The forecast position of balances at 31 March 2011 and 31 March 2012 will vary over time depending on the outturn positions for 2010/11 and 2011/12 as well as the emergence of other unexpected or unplanned matters that could occur in or across these years.

FURTHER DETAILS FOR SIGNIFICANT ITEMS

Although additional information is included in **Appendix C**, explanations for significant items are summarised below:

Rent Restructuring and Average Rents

There are no significant changes to the methodology of calculating rents with a continuation of applying RPI at the preceding September (4.6%) followed by converging to formula rents with an adjusted convergence date applied in 2011/12.

Within this overall framework 'caps' and 'limits' are continued to be applied at a local level for individual properties to arrive at the specific rent chargeable for each property.

There is very little local discretion when applying the rent setting formulae, with the results for 2011/12 for this Council's 3,000+ properties being an increase in the average actual rent of **7.07%** with the average weekly rent being **£68.05** for 2011/12 compared with **£63.56** for 2010/11.

Within the rent setting formula and the limited local discretion it is accepted that a lower increase could be implemented. However it is acknowledged that there could be significant consequences of doing so such as:

- The notional rents used to calculate the negative subsidy payable in 2011/12 are based on the increases in the region of 6% so if actual increases in rents were lower than this, the Council would in effect be paying over or 'pooling' a higher level of rent increases within the 'Notional HRA' than it was actually achieving.
- The final settlement or level of debt required to 'buy out' of the current subsidy system under the proposed self financing framework would be based on the notional increases set out in the 2011/12 rent setting formula. Therefore similarly to the point above, we would have a debt settlement figure calculated on notional rent increases that were higher than the actual rents received which would have a significant impact over the 30 years of the HRA business plan as an amount would need to be found elsewhere within the HRA to support the level of debt taken on.

- 2011/12 is seen as a critical year in terms of the level of rents charged as any rent increases below the guideline increase would be income lost to the HRA on an on-going basis which would have an adverse impact on the business plan over a 30 year period under a new self financing regime which could be implemented from April 2012.
- Although expected to be subject to an alternative regulatory framework, rents will form part of local considerations under a self financing framework. Therefore the level of rents in future years could be subject to much more local input compared to the current situation under the current subsidy system.

The average rent proposed for 2011/12 is below a 'limit rent' which is a Government set level above which the Council would incur deductions from the subsidy it receives for rent rebates paid to eligible housing tenants.

Housing Subsidy Determinations

The general formula for calculating the amount of HRA subsidy payable to or receivable from an authority is based on Housing Subsidy Determinations that are made annually by Communities and Local Government for each individual local authority. These provide the basis of the calculation of all the items in a notional HRA on which the level of subsidy is based - the calculations for 2010/11 and 2011/12 are set out in **Appendix A**. This Council is in a negative subsidy position and therefore a payment is required to be made to the Government each year. The amount to be paid has increased to **£2.239m** in 2011/12, due to changes to allowances within the calculations such as for management and maintenance and notional / guideline rents.

Although the final general subsidy determinations have been received, the level of supported borrowing remains subject to a further specific subsidy determination in 2011. If changes are required following receipt of this specific determination, then it is proposed to adjust the transfer to HRA Balances of **£0.381m** currently included in the estimates for 2011/12 along with any associated change to the Capital Programme, the delegation of which has been included within the recommendations.

Supporting People

At present the cost of supporting people within the sheltered unit blocks falls to the HRA and is mainly funded via a mix of supporting people grant from ECC for those on eligible benefits and income from fees and charges paid by tenants not eligible for ECC support.

As previously mentioned, announcements made as part of the SR 2010 highlighted that the overall government funding for supporting people is to decrease by 6% to 7% (12% in real terms). As the grant payable to ECC is unringfenced and forms part of the overall formula grant settlement from the Government, there is no guarantee that ECC will simply passport on these headline reductions to the supporting people grants provided to districts. In reality and based on other competing priorities faced by ECC in 2011/12 and beyond, the reduction in the grant payments to districts may reduce by a much more significant amount.

Further details from ECC are unlikely to emerge until they finalise their own budgets in January / February 2011. However for the purposes of setting the HRA budget, a reduction in supporting people grant from ECC has been assumed at 7% based on the headline reductions announced as part of the SR 2010 as it is the only tangible information available at present. Along with a small change to the number of units attracting supporting people grant funding compared to last year, there is an overall reduction in grant income

within the HRA budgets of **£0.028m** at this stage.

If the level of grant income due from ECC is lower than that currently included in the budgets then for the purpose of setting a budget it is proposed to meet the additional net cost from the **£0.381m** budgeted HRA surplus in 2011/12 with appropriate delegations included in the recommendations.

However this approach is strictly set against the context of the need to undertake a review of the supporting people service currently provided to tenants including the review of fees and charges along with their associated relationship with housing benefit eligibility. A number of actions are currently being considered in response to the challenging issues faced by the supporting people service, which are likely to include consultations with tenants.

Fees and Charges

The proposed HRA fees and charges for 2010/11, incorporating service charges are set out in **Appendix B** with notes explaining relevant charging policies. The original budget for 2011/12 has been prepared taking these proposals into account so any subsequent changes may require amendments to income figures included in the estimates.

The increases proposed broadly reflect inflationary increases although in some cases they have been increased to better reflect the cost of providing the associated service.

The charge for supporting people has remained unchanged in 2011/12, although it will need to be reviewed following further information becoming available as part of the wider supporting people issue mentioned above.

Repairs and Maintenance

Within the overall HRA estimates for 2011/12 the estimated costs of repairs and maintenance to the Council's 3,000+ housing properties has been budgeted at **£2.922m** (excluding recharges). This is an increase of **£0.057m** compared to the original budget for 2010/11 which reflects a general inflationary uplift of **2%**.

This budget is also supported by a Housing Repairs Reserve 'built up' from contributions from the HRA repairs and maintenance budget in previous years. For the revised 2010/11 budget it is proposed to 'call down' **£0.076m** from this reserve to support the budget which is mainly due to the change in the level of recharges to this function. The level of recharge will need to be reviewed as part of the wider review of the council's services.

The current proposals result in an estimated balance of **£0.506m** in the repairs reserve at the end of 2011/12 although this will need to be reviewed alongside general HRA balances to ensure the long term sustainability of this activity within the overall HRA, especially with the upcoming self financing framework from potentially April 2012.

HRA 2012/13 AND BEYOND

Economic Outlook

Notwithstanding the challenges and opportunities faced by the Council from the proposed self financing framework and supporting people service previously discussed, the HRA budget is set against a general background of challenging times ahead.

Similarly to the issues for the General Fund, the financial position is becoming increasingly difficult with the economic climate remaining relatively volatile which makes accurate

forecasting much more difficult.

Within this context, it is vitally important to consider the HRA Business Plan, in both the short and long term, along with the level of balances to allow the authority to move forward and be flexible to continue to deliver sustainable and quality HRA services, to deliver on the Council's housing priorities and to react to future demands on housing and the authority as a whole.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Each year information is issued to Local Authorities which provides guidance on the information and presentation required for the Financial Statements the Council publishes on an annual basis. Therefore although not directly affecting the overall financial position of the Council, significant changes are proposed from 2010/11 with the introduction of International Financial Reporting Standards (IFRS). Work currently remains on-going, although subject to further guidance becoming available, to ensure the appropriate transition to the new requirements is achieved. When the implications of the new requirements become clearer, budgets may need to be reviewed and budget transfers undertaken to support the realignment of Financial Statements accordingly.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A - Housing Subsidy Calculations

Appendix B - HRA Proposed Fees and Charges

Appendix C - HRA Budget Book (for inclusion in the overall Budget Book with the General Fund Estimates when approved by Council)

HOUSING SUBSIDY CALCULATIONS

HOUSING REVENUE ACCOUNT (HRA) SUBSIDY – GENERAL FORMULA

Following the Government's announcements as part of and subsequent to the Comprehensive Spending Review 2010 and subject to the progress of the Localism Bill, 2011/12 is expected to be the last year of the housing subsidy system with Local Authority Housing becoming self financing from April 2012. Further details are set out in the main body of the report.

The current housing subsidy calculations are based on the principle of each authority pooling its collectable rent and in return receiving allowances to meet expenditure associated with its landlord functions such as management and maintenance costs. Some authorities therefore receive subsidy whilst others are required to pay a negative subsidy under this system if their collectable rent is greater than the expenditure allowances it receives

The elements making up the current subsidy payable or receivable by each authority are:

- Notional income from rents and mortgage interest
- Notional expenditure on management and maintenance
- Notional expenditure relating to the financing costs of HRA debt
- Notional Major Repairs Allowance to support capital expenditure on the Council's housing stock

The subsidy position for 2010/11 and 2011/12 is set out below, which continues to show a 'negative' position for this authority as its rental income is greater than the allowances receivable. Therefore a net payment or negative subsidy is paid into a 'National HRA Account':

	2010/11 Original £m	2010/11 Revised £m	2011/12 Estimate £m
Notional Income Payable into 'National HRA'			
Rental Income	10.640	10.640	11.275
Mortgage Interest	0.001	0.001	0.001
	10.641	10.641	11.276
Notional Expenditure / Allowances paid to TDC from the 'National HRA'			
Management and Maintenance	5.315	5.315	5.546
Capital Charges	1.081	1.069	1.085
Major Repairs Allowance	2.341	2.341	2.406
	8.737	8.725	9.037
HRA Negative Subsidy	1.904	1.916	2.239

NOTIONAL RENTAL INCOME

There are no significant changes to the methodology of calculating guideline rents with a continuation of applying RPI at the preceding September (4.6%) followed by converging to formula rents with an adjusted convergence date applied in 2011/12. Following the application of the rent setting formula (including caps and limits) the notional rental income has been increased by **6%** or in total by **£0.635m** over 2010/11.

MANAGEMENT AND MAINTENANCE ALLOWANCES

Notional expenditure on management and maintenance is expressed in terms of allowances per property. The allowances are distributed between authorities taking account of indices of need, levels of crime, re-lets and terminations and regional cost variations. The management allowance for this Council in 2011/12 has been increased from **£550.33** per dwelling to **£588.43**, and the maintenance allowance has been increased from **£1,092.98** to **£1,128.93** per dwelling. After taking into account the current level of housing stock, the total of these allowances have increased by **£0.231m (4.3%)** over 2010/11.

CAPITAL CHARGES

Capital charges are comprised of debt management expenses and interest on outstanding borrowing which is calculated in accordance with a formula specified in the housing subsidy determinations. The calculations take into account an assumed level of HRA capital expenditure funded by borrowing, rather than actual borrowing costs charged to the HRA. Due to changes in interest rates, this can fluctuate across years although based on the current market conditions there is no significant change from 2010/11.

The current calculations exclude any additional supported borrowing in 2011/12. This will be subject to further consultation and notification as earliest as possible in 2011.

MAJOR REPAIRS ALLOWANCE

The Major Repairs Allowance represents the estimated long-term average amount of capital spending required to maintain the Council's housing stock. It is transferred from the HRA annually to a Major Repairs Reserve (MRR) via a depreciation charge and is used to fund the HRA element of the Housing Investment Programme within the overall capital programme. This allowance has increased by **2.8% (£0.065m)** in 2011/12.

The proposed use of the MRR in both 2010/11 and 2011/12 is set out in the Capital Programme that is currently submitted as part of the General Fund Budget Proposals.

TENDRING DISTRICT COUNCIL

SCALE OF CHARGES

2011/12

HOUSING PORTFOLIO - HOUSING REVENUE ACCOUNT

HOUSING PORTFOLIO - HRA

SCALE OF CHARGES 2011/12

Date last revised	(A)	(B)	(C)	(D)	(E)	VAT Ind
	← Charge Exclusive of VAT	2010/11 Charge Inclusive of VAT where applicable @ 17.5%	→ Charge Inclusive of VAT where applicable @ 20%	← Charge Exclusive of VAT	→ Charge Inclusive of VAT where applicable @ 20%	
Effective from	01/04/2010	01/04/10 to 03/01/11	04/01/11 to 31/03/11	01/04/2011	01/04/2011	
	£	£	£	£	£	

GARAGE RENTS AND ACCOMMODATION CHARGES

Guest room accommodation at sheltered units per night:

With en-suite facilities (St Marys Court, Groom House, Greenfields, Ironside Walk, Belmans Court)	Apr-10	9.83	11.55	11.80	10.03	12.04	S
Without en-suite facilities (Vyntoner House, Kate Daniels House, Mead House, Spendells House, Crooked Elms, Honeycroft)	Apr-10	7.48	8.79	8.97	7.63	9.16	S
Garage rents HRA (not subject to VAT unless separately let to non-council)	Apr-10	6.90	8.11	8.28	7.39	8.87	S

PROVISION OF INFORMATION ON TENANCY CHANGES

Supply of tenancy changes to Veolia Water UK, per copy (Formerly Tendring Hundred Waterworks Company)	Apr-10	410.00	482.00	492.00	420.00	504.00	S
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QUESTIONNAIRES

Second mortgage enquiries (per enquiry)	Apr-10	68.60	80.61	82.32	69.97	83.96	S
Solicitors enquiries on resale of council flat:	Apr-10	61.93	72.77	74.32	63.17	75.80	S

SERVICE CHARGES (per week)**Sewerage charges (not subject to VAT) (See Note 1):**

Treatment Works:

Goose Green, Tendring	Apr-10	5.49	5.49	5.49	6.49	6.49	Z
Coronation Villas, Beaumont	Apr-10	5.39	5.39	5.39	6.42	6.42	Z
Whitehall Lane, Thorpe	Apr-10	4.07	4.07	4.07	4.38	4.38	Z
Shop Road, Little Bromley	Apr-10	6.75	6.75	6.75	7.50	7.50	Z
Horsley Cross, Mistley	Apr-08	9.00	9.00	9.00	9.00	9.00	Z
Bio Systems	Apr-10	5.63	5.63	5.63	6.42	6.42	Z
Septic Tanks	Apr-10	2.03	2.03	2.03	2.31	2.31	Z
Pumping Stations (not subject to VAT)	Apr-10	3.71	3.71	3.71	4.23	4.23	Z
Sewerage charge cap where tenant in receipt of benefit	Apr-08	5.00	5.00	5.00	5.00	5.00	Z

Communal central heating charges (not subject to VAT) (See Note 2):

Heating and hot water:

Single units	Apr-10	9.00	9.00	9.00	9.34	9.34	N
Double units	Apr-10	10.60	10.60	10.60	11.00	11.00	N
Sheltered Scheme Manager units	Apr-10	12.75	12.75	12.75	13.23	13.23	N
Hot water only (St Marys Court)	Apr-10	3.30	3.30	3.30	3.43	3.43	N

HOUSING PORTFOLIO - HRA

SCALE OF CHARGES 2011/12

Date last revised	(A)	(B)	(C)	(D)	(E)	VAT Ind
	← Charge Exclusive of VAT	2010/11 Charge Inclusive of VAT where applicable @ 17.5%	→ Charge Inclusive of VAT where applicable @ 20%	← Charge Exclusive of VAT	→ Charge Inclusive of VAT where applicable @ 20%	
Effective from	01/04/2010	01/04/10 to 03/01/11	04/01/11 to 31/03/11	01/04/2011	01/04/2011	
	£	£	£	£	£	
Other Service Charges (not subject to VAT):						
Sheltered Housing:						
Grounds Maintenance	Apr-10	1.69	1.69	1.69	1.78	1.78 X
Communal Electricity	Apr-10	2.37	2.37	2.37	2.49	2.49 N
Non Sheltered Housing						
Grounds Maintenance	Apr-10	1.09	1.09	1.09	1.15	1.15 N
Communal Electricity	Apr-10	0.45	0.45	0.45	0.47	0.47 N
Communal Cleaning (not subject to VAT) (See Note 3):						
Langham Drive, Clacton	Apr-10	2.88	2.88	2.88	2.99	2.99 N
Nayland Drive, Clacton	Apr-10	2.88	2.88	2.88	2.99	2.99 N
Boxted Ave (3 Storey) , Clacton	Apr-10	2.88	2.88	2.88	2.99	2.99 N
Boxted Ave (2 Storey) , Clacton	Apr-10	2.88	2.88	2.88	2.99	2.99 N
Polstead Way, Clacton	Apr-10	2.88	2.88	2.88	2.99	2.99 N
Porter Way, Clacton	Apr-10	2.88	2.88	2.88	2.99	2.99 N
Tanner Close, Clacton	Apr-10	2.88	2.88	2.88	2.99	2.99 N
Mason Road, Clacton	Apr-10	3.08	3.08	3.08	3.20	3.20 N
Groom Park, Clacton	Apr-10	1.81	1.81	1.81	1.88	1.88 N
Leas Road , Clacton	Apr-10	1.81	1.81	1.81	1.88	1.88 N
Rivers House, Walton	Apr-10	1.97	1.97	1.97	2.04	2.04 N
Rochford House, Walton	Apr-10	1.97	1.97	1.97	2.04	2.04 N
D'arcy House , Walton	Apr-10	1.97	1.97	1.97	2.04	2.04 N
Churchill Court, Dovercourt	Apr-10	2.32	2.32	2.32	2.41	2.41 N
Cliff Court, Dovercourt	Apr-10	1.81	1.81	1.81	1.88	1.88 N
Grove Avenue Walton	Apr-10	2.77	2.77	2.77	2.88	2.88 N
<u>SHELTERED UNITS SERVICE CHARGES (Not subject to VAT) (see Note 4):</u>						
Supporting People Costs	Apr-08	22.55	22.55	22.55	22.55	22.55 X
Landlord Costs	Apr-10	6.00	6.00	6.00	6.31	6.31 X
Careline Alarm	Apr-08	2.94	2.94	2.94	2.94	2.94 X

Notes**(1) Sewerage charges etc**

The charging policy whereby the charges are reviewed annually against the costs of each of the five sites has continued for 2011-12 with the previously agreed general cap of £9.00 per week being applied or £5.00 where the tenant is in receipt of benefit. This has resulted in the above increases being required to reflect the costs of this activity in 2011-12.

(2) Communal central heating charges

The charges for central heating are based on the principal of recovering costs in full. In 2009-10 the Council's energy costs increased by 100% but only 50% of the increase was passed on to tenants with the position subject to review in future years. The charges proposed for 2011-12 will recover costs in full. The position will continue to be reviewed in future years.

HOUSING PORTFOLIO - HRA

SCALE OF CHARGES 2011/12

Date last revised	(A)	(B)	(C)	(D)	(E)	VAT Ind
	Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 17.5%	Charge Inclusive of VAT where applicable @ 20%	Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%	
Effective from	01/04/2010	01/04/10 to 03/01/11	04/01/11 to 31/03/11	01/04/2011	01/04/2011	
	£	£	£	£	£	

(3) Communal Cleaning

The charges for communal cleaning are based on the cleaning cost obtained through competitive tendering on an annual basis and the principal of recovering the cost in full via the charge for the service. The weekly charge to the tenant is therefore the block cost divided by the number of properties in each block.

(4) General service charge for sheltered units

The support service provided in sheltered units by scheme managers comes under the Supporting People scheme and is subject to the terms of a contract with Essex County Council, who reimburse the Council in respect of tenants who are on benefit and eligible for a free service. Tenants not in receipt of benefit are required to pay the full charge. The level of charges for 2011-12 is subject to further information becoming available from Essex County Council. Subsequent amendment to the level of the charge may therefore be required along with the approval from the Housing Portfolio Holder if necessary. This also applies to the careline charge shown above which also remains unchanged from 2010-11 until further information is available.

**** Garage Rent - VAT:**

Parking:

Council Tenant

Non-Council Tenant

N

S

Storage:

Homeless persons goods

Premises suitable for parking

Premises unsuitable for parking

N

S

X

HOUSING PORTFOLIO - HOUSING REVENUE ACCOUNT

<i>SERVICES:</i>	<i>Detail on page</i>	<i>2009/10 Actual £</i>	<i>2010/11 Original £</i>	<i>2010/11 Revised £</i>	<i>2011/12 Original £</i>
Income:					
Dwelling Rents	<i>B6b / 9</i>	(10,333,740)	(10,590,000)	(10,584,000)	(11,275,450)
Non Dwelling Rents	<i>B6b / 9</i>	(182,490)	(184,910)	(187,160)	(196,500)
Leaseholders Charges	<i>B6b / 9</i>	(84,153)	(80,000)	(80,000)	(81,600)
General Management Fees and Charges	<i>B6b / 3</i>	(5,865)	(9,410)	(9,410)	(9,620)
Special Management Fees and Charges	<i>B6b / 5</i>	(371,185)	(414,150)	(414,770)	(436,450)
GF Contribution re Shared Amenities	<i>B6b / 9</i>	(20,027)	(21,770)	(32,130)	(32,710)
Total		(10,997,460)	(11,300,240)	(11,307,470)	(12,032,330)
Expenditure:					
Management and Maintenance:					
- Contribution to Housing Repairs Account	<i>B6b / 2</i>	3,046,200	3,147,270	3,147,270	3,274,920
- General Management	<i>B6b / 3</i>	1,936,770	2,071,020	1,936,040	1,997,360
- Special Services	<i>B6b / 5</i>	704,412	757,060	668,380	739,520
Supporting People	<i>B6b / 7</i>	(23,228)	8,350	(9,590)	16,600
Rents and Other Charges	<i>B6b / 9</i>	12,080	10,700	22,000	22,450
Rent Arrears Provision	<i>B6b / 9</i>	50,562	60,000	60,000	60,000
Housing Revenue Account Subsidy	<i>B6b / 9</i>	1,954,364	1,904,970	1,915,860	2,238,580
<i>Capital Asset Charges:</i>					
Revenue Expenditure Funded From Capital Under Statute	<i>B6b / 8</i>	58,000	60,000	60,000	60,000
Depreciation	<i>B6b / 8</i>	3,063,824	3,377,180	3,377,180	3,478,460
Amortisation of Intangible Fixed Assets	<i>B6b / 8</i>	585	4,250	4,250	4,250
Debt Management Expenses	<i>B6b / 8</i>	48,210	49,610	49,620	50,730
Total		10,851,779	11,450,410	11,231,010	11,942,870
Net Cost of Services		(145,681)	150,170	(76,460)	(89,460)
Adjustment to reflect HRA Borrowing Costs	<i>B6b / 8</i>	726,639	736,350	727,470	755,940
Interest Receivable	<i>B6b / 8</i>	(55,860)	(90,220)	(68,160)	(68,060)
Net Operating Expenditure		525,098	796,300	582,850	598,420
Appropriations					
Transfer from Major Repairs Reserve	<i>B6b / 8</i>	(755,636)	(1,036,560)	(1,036,560)	(1,072,620)
Net Additional Pension Fund Contribution	<i>B6b / 9</i>	191,513	109,220	95,050	93,660
Deficit/(Surplus) for Year		(39,025)	(131,040)	(358,660)	(380,540)
Balance in Hand Brought Forward		(4,977,647)	(5,016,672)	(5,016,672)	(5,375,332)
Balance in Hand Carried Forward		(5,016,672)	(5,147,712)	(5,375,332)	(5,755,872)

<i>Portfolio:</i>	HOUSING - HOUSING REVENUE ACCOUNT
<i>Service:</i>	REPAIRS AND MAINTENANCE
<i>Head of Service:</i>	Paul Price
<i>Purpose of Service:</i>	To provide comprehensive reactive, planned and cyclical maintenance services for the tenants of Council Housing in the District.
<i>Means of Provision:</i>	Direct Internal Service for assessing and ordering repairs with specialist services appointed when required. Works carried out by an external contractor for reactive works under tendered schedule of rates and by other external contractors for planned and cyclical maintenance.
<i>Activities/Sites Included:</i>	Reactive Maintenance Service Contracts Management Planned Maintenance and Improvement Cyclical Maintenance Programmes

<i>Budget</i>	<i>2009/10 Actual £</i>	<i>2010/11 Original £</i>	<i>2010/11 Revised £</i>	<i>2011/12 Original £</i>	<i>Note</i>
Direct Costs:					
Reactive and Planned Maintenance	2,893,200	2,850,000	2,850,000	2,907,000	(1)
Building and Safety Equipment	5,053	5,000	4,000	5,000	
Other	13,252	10,000	16,000	10,000	(2)
Net Direct Expenditure	2,911,505	2,865,000	2,870,000	2,922,000	
Service Unit and Central Costs Charges	334,415	282,270	353,010	352,920	
Contributions towards Costs	(21,348)	-	-	-	(3)
Receipts from Insurance Claims	(14,621)	-	-	-	(4)
Net Expenditure	3,209,951	3,147,270	3,223,010	3,274,920	
Housing Repairs Balance B/Fwd	(745,906)	(582,155)	(582,155)	(506,415)	
Housing Repairs Balance C/Fwd	582,155	582,155	506,415	506,415	
Net Contribution from HRA	3,046,200	3,147,270	3,147,270	3,274,920	

Notes

- (1) This budget relates to the direct costs of repairing and maintaining the Council's housing stock with an increase in 2011/12 to meet the estimated costs for work undertaken to the Council's 3,000+ properties.
- (2) & Certain works will be charged to tenants if repairs are deemed to be repairing what is considered to be in excess of normal 'wear and tear' of the property. The 2009/10 Actual reflects the amount of income collected from tenants along with income in previous years that is irrecoverable.
- (3)
- (4) Subject to the relevant circumstances, costs relating to certain works on some properties can be claimed against the Authority's property insurance policies. The 2009/10 Actual reflects amounts recoverable for the year.

<i>Portfolio:</i>	HOUSING - HOUSING REVENUE ACCOUNT
<i>Service:</i>	GENERAL MANAGEMENT
<i>Head of Service:</i>	Paul Price
<i>Purpose of Service:</i>	To manage as a social landlord the Council's stock of rented and shared ownership accommodation as provided under Part II of the Housing Act 1985.
<i>Means of Provision:</i>	Direct internal service with appointment of other specialist internal and external services when required.
<i>Activities/Sites Included:</i>	General management of housing stock which comprised 3242 dwelling units and 887 other units as at 1 April 2010

<i>Budget</i>	<i>2009/10 Actual £</i>	<i>2010/11 Original £</i>	<i>2010/11 Revised £</i>	<i>2011/12 Original £</i>	<i>Note</i>
Direct Costs:					
Information Technology Expenses	60,962	63,000	40,000	63,000	
Business Planning Expenses	25,597	25,000	25,000	50,000	
Tenant Relations Expenses	38,158	45,000	45,000	43,000	
Estate Management Expenses	42,143	42,000	42,000	42,000	
Underoccupation Incentive Scheme	4,839	12,000	5,000	10,000	
Tenant's Compensation Scheme	5,671	5,000	8,000	7,000	(1)
Managing Anti-Social Behaviour	9,455	10,000	10,000	10,000	
Other Supplies and Services	44,052	77,270	72,940	71,430	(2)
	230,877	279,270	247,940	296,430	
Fees and Charges (incl Legal Costs recovered)	(5,865)	(9,410)	(9,410)	(9,620)	
Capital Receipts	(6,838)	(5,180)	(5,180)	(3,490)	(3)
Net Direct Expenditure	218,174	264,680	233,350	283,320	
Service Unit and Central Costs Charges	1,447,711	1,526,610	1,422,960	1,428,700	
Corporate and Democratic Core Expenses and Unapportionable Central Overheads	265,020	270,320	270,320	275,720	
Net Expenditure	1,930,905	2,061,610	1,926,630	1,987,740	(4)

Notes

- (1) The increases in 2010-11 Revised, and 2011-12 Original Estimates are the result of insurance excess payments now being met from this budget. Excess liabilities can now total £5,000 per claim.
- (2) The supplies and services estimates include provision for tenancy stationery, books, security services, postage and legal and professional services. The budgets reflect a reduced requirement in 2010/11 and 2011/12.
- (3) The administration costs of successful Right to Buy sales can continue to be charged against the capital receipts for each sale. A reduction has been made in 2011/12 to reflect the lower number of sales which are projected for the year.
- (4) HRA General Management expenses are allocated under individual cost centres within the HRA as follows:

	<i>2009/10</i> <i>Actual</i> £	<i>2010/11</i> <i>Original</i> £	<i>2010/11</i> <i>Revised</i> £	<i>2011/12</i> <i>Original</i> £
General Management Net Expenditure:				
Policy and Management	526,167	541,690	488,490	516,630
Managing Tenancies	759,097	804,870	791,110	793,810
Rent Collection and Accounting	373,651	408,270	368,040	391,250
'Right to Buy' Administration	6,970	36,460	8,670	10,330
Contribution to Corporate and Other Democratic Expenses	265,020	270,320	270,320	275,720
Total Net Expenditure	1,930,905	2,061,610	1,926,630	1,987,740
Add back Fees and Charges	5,865	9,410	9,410	9,620
Total Expenditure	1,936,770	2,071,020	1,936,040	1,997,360

<i>Portfolio:</i>	HOUSING - HOUSING REVENUE ACCOUNT
<i>Service:</i>	SPECIAL SERVICES
<i>Head of Service:</i>	Paul Price/Richard Walker
<i>Purpose of Service:</i>	To provide additional specific and other miscellaneous services to Council tenancies where appropriate.
<i>Means of Provision:</i>	Direct internal service with appointment of other specialist internal and external services when required.
<i>Activities/Sites Included:</i>	Warden Services to the Sheltered Housing Units Pumping Station Maintenance Sewerage Treatment Works Maintenance Grounds and Playground Maintenance Estate Sweeping and Communal Cleaning Estate Lighting Communal Heating and Electricity

<i>Budget</i>	<i>2009/10 Actual £</i>	<i>2010/11 Original £</i>	<i>2010/11 Revised £</i>	<i>2011/12 Original £</i>	<i>Note</i>
Direct Costs:					
Employees Expenses	36,830	41,440	37,390	41,810	
Other Employee Related	4,632	5,100	5,100	5,100	
Premises Related Expenses	561,305	618,850	505,660	571,480	(1)
Supplies and Services (including Maintenance)	39,558	35,670	37,470	37,370	
Management Agreement re Foundry Court	14,394	15,500	8,000	8,000	(2)
	656,719	716,560	593,620	663,760	
Supporting People Recharge	(297,321)	(334,160)	(310,800)	(319,570)	(3)
Contributions towards Costs	(4,502)	-	-	-	
Fees and Charges	(371,185)	(414,150)	(414,770)	(436,450)	(4)
Net Direct Expenditure	(16,289)	(31,750)	(131,950)	(92,260)	
Service Unit and Central Costs Charges	349,649	373,680	384,450	393,900	
Pension Current Costs	(133)	980	1,110	1,430	
Net Expenditure	333,227	342,910	253,610	303,070	(5)

Notes

- (1) The reduction in the 2010/11 Revised and 2011/12 Original Budgets reflect the changes in energy costs to the Housing Revenue Account anticipated for each year.

- (2) The Ironside Walk Sheltered Unit properties transferred into the ownership of Colne Housing Society on 1 April 2003, but as Council's tenants are still in occupation, the Society is managing the Units on the Council's behalf until such time as the properties become vacant. This provision relates to the management and maintenance agreement that has been put in place and has been reduced to reflect the fact that some properties became vacant recently and handed back to Colne Housing.
- (3) The element of support services which are deemed to be Supporting People costs are separated from the landlord costs and are recharged to the separate 'Supporting People' budget.
- (4) This includes charges for sewerage and pumping stations, communal cleaning, communal heating and electricity, grounds maintenance and the additional landlord costs associated with properties such as sheltered units within the HRA.
- (5) Special Services budgets are allocated under individual cost centres within the HRA as follows:

<i>Budget</i>	<i>2009/10 Actual £</i>	<i>2010/11 Original £</i>	<i>2010/11 Revised £</i>	<i>2011/12 Original £</i>
Special Services Net Expenditure:				
Pumping Stations	17,881	18,160	18,970	18,040
Sewerage Expenses	14,900	21,400	35,970	33,450
Communal Heating	39,144	29,500	2,000	-
Wardens and Sheltered Units	45,278	42,200	42,160	44,200
Estate Sweeping	58,255	59,700	60,420	61,630
Estate Lighting	3,764	8,060	5,130	5,190
Communal Cleaning	9,324	2,510	2,510	(180)
Communal Electricity	46,185	61,170	(6,830)	60,690
Grounds and Playground Maintenance	98,496	100,210	93,280	80,050
Total Net Expenditure	333,227	342,910	253,610	303,070
Add back Fees and Charges	371,185	414,150	414,770	436,450
Total Expenditure	704,412	757,060	668,380	739,520

<i>Portfolio:</i>	HOUSING - HOUSING REVENUE ACCOUNT
<i>Service:</i>	SUPPORTING PEOPLE
<i>Head of Service:</i>	Richard Walker/Paul Price
<i>Purpose of Service:</i>	To provide a support service to Council tenants
<i>Means of Provision:</i>	Directly provided through sheltered accommodation and the Careline Service, under a contract with Essex County Council.

<i>Budget</i>	<i>2009/10 Actual £</i>	<i>2010/11 Original £</i>	<i>2010/11 Revised £</i>	<i>2011/12 Original £</i>	<i>Note</i>
Direct Costs:					
Sheltered Units Support Costs	297,321	334,160	310,800	319,570	(1)
Careline Charges	79,136	78,090	78,090	78,090	(2)
	376,457	412,250	388,890	397,660	
Supporting People Grant	(246,446)	(259,780)	(248,950)	(231,530)	(3)
Support Charges	(74,103)	(66,030)	(71,440)	(71,440)	
Careline Fees	(79,136)	(78,090)	(78,090)	(78,090)	
Net Expenditure	(23,228)	8,350	(9,590)	16,600	

Notes

- (1) This item represents the cost of support services, as opposed to landlord services, provided by Wardens to Council tenants in Sheltered Units.
- (2) Careline provides a service to tenants in Sheltered Units and within group schemes and they receive a free service if eligible or pay a weekly fee if not. The fee in respect of tenants receiving a free service is reimbursed by Essex County Council via a Supporting People Grant.
- (3) Those tenants who are eligible for benefit receive a free Supporting People service. The costs of the service for these tenants will be met from within the Supporting People Scheme administered by Essex County Council. At present the Essex wide supporting people service is being reviewed by Essex County Council and until such time as further information becomes available, the budget for 2011/12 has been set based on headline announcements made as part of the Comprehensive Spending Review 2010.

Portfolio: HOUSING - HOUSING REVENUE ACCOUNT**Service: CAPITAL FINANCING COSTS****Head of Service: Karen Neath/Paul Price**

<i>Budget</i>	<i>2009/10 Actual £</i>	<i>2010/11 Original £</i>	<i>2010/11 Revised £</i>	<i>2011/12 Original £</i>	<i>Note</i>
Revenue Expenditure Funded From Capital Under Statute	58,000	60,000	60,000	60,000	
Depreciation of HRA assets	3,063,824	3,377,180	3,377,180	3,478,460	(2)
Amortisation of Intangible Fixed Assets	585	4,250	4,250	4,250	
Debt Management Expenses	48,210	49,610	49,620	50,730	
	3,170,619	3,491,040	3,491,050	3,593,440	
Adjustment to reflect HRA Borrowing Costs	726,639	736,350	727,470	755,940	(1)
Transfer from Major Repairs Reserve	(755,636)	(1,036,560)	(1,036,560)	(1,072,620)	(2)
Interest receivable	(55,860)	(90,220)	(68,160)	(68,060)	(3)
Net Expenditure	3,085,762	3,100,610	3,113,800	3,208,700	

Notes

- (1) Borrowing costs have increased due to higher Capital Financing Requirements included in the calculations to determine the overall cost to be met by the HRA.
- (2) Depreciation is calculated on the value of HRA assets on a straight-line basis over their expected lives, after allowing for residual and freehold land values, based on information provided by the valuer. The depreciation charged in respect of HRA property is partly reversed out via the Major Repairs Reserve to ensure that the HRA is charged with an amount equivalent to the Major Repairs Allowance for the year as follows:

	<i>2009/10 Actual £</i>	<i>2010/11 Original £</i>	<i>2010/11 Revised £</i>	<i>2011/12 Original £</i>
Depreciation of HRA assets	3,063,824	3,377,180	3,377,180	3,478,460
Less Major Repairs Allowance	(2,308,188)	(2,340,620)	(2,340,620)	(2,405,840)
Major Repairs Reserve adjustment	(755,636)	(1,036,560)	(1,036,560)	(1,072,620)

- (3) Interest is received from council house mortgages and on cash balances. In respect of the most significant element relating to interest on cash balances, both the 2010/11 Revised and 2011/12 Original Estimates have been amended in line with the projected balances held and reduction in interest rates currently being experienced due to the financial and economic environment.

Portfolio: **HOUSING - HOUSING REVENUE ACCOUNT**

Service: **OTHER FINANCIAL TRANSACTIONS**

Head of Service: **Karen Neath/Paul Price**

<i>Budget</i>	<i>2009/10 Actual £</i>	<i>2010/11 Original £</i>	<i>2010/11 Revised £</i>	<i>2011/12 Original £</i>	<i>Note</i>
Rents and Other Charges	12,080	10,700	22,000	22,450	(1)
Rent Arrears Provision	50,562	60,000	60,000	60,000	
Housing Revenue Account Subsidy	1,954,364	1,904,970	1,915,860	2,238,580	(2)
Transfer to Pension Reserve	191,513	109,220	95,050	93,660	(3)
	2,208,519	2,084,890	2,092,910	2,414,690	
Dwelling Rents	(10,333,740)	(10,590,000)	(10,584,000)	(11,275,450)	(4)
Other Rents	(182,490)	(184,910)	(187,160)	(196,500)	
Leaseholders' Charges	(84,153)	(80,000)	(80,000)	(81,600)	
General Fund Contribution re Shared Amenities recharge to General Fund	(20,027)	(21,770)	(32,130)	(32,710)	
Net Expenditure	(8,411,891)	(8,791,790)	(8,790,380)	(9,171,570)	

Notes

- (1) The increase in 2010/11 Revised and 2011/12 Original Budgets reflect the increase in the cost of Council Tax payable on empty properties, due to an increased level of voids.
- (2) Housing Revenue Account Subsidy is a sum required to be paid to the Government, following calculations as determined by the Government based on a notional HRA account. A more detailed explanation of the account and the calculations is provided in Appendix A to the report submitted to Cabinet on 26 January 2011.
- (3) Local authorities are required to account for retirement benefits in line with Financial Reporting Standard 17 (FRS17). Compliance with the FRS17 accounting arrangements requires an additional adjustment to be made in the HRA to reflect its share of the authorities total pension costs with the calculations set out below:

	<i>2009/10</i> <i>Actual</i> £	<i>2010/11</i> <i>Original</i> £	<i>2010/11</i> <i>Revised</i> £	<i>2011/12</i> <i>Original</i> £
HRA Share of Superannuation for the Year	155,792	169,260	174,800	170,700
HRA Share of Pension Deficiency Contribution	178,850	187,080	187,080	190,790
Less pension current cost charged in HRA 'net cost of service'	(143,129)	(247,120)	(266,830)	(267,830)
Additional Contribution	191,513	109,220	95,050	93,660

- (4) The rents for 2011/12 have been amended for individual properties within specific constraints, based on the current rent restructuring policy with the increase in rental income for the year being 6.5%.