

Key Decision Required:	Yes	In the Forward Plan:	Yes
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**CABINET
23 JANUARY 2013**

**JOINT REPORT OF HOUSING, BENEFITS, REVENUES AND SPORTS FACILITIES AND
FINANCE AND ASSET MANAGEMENT PORTFOLIO HOLDERS**

**A.15 HOUSING REVENUE ACCOUNT BUDGET PROPOSALS - REVISED BUDGET
2012/13 AND ORIGINAL BUDGET 2013/14**

(Report prepared by Richard Barrett and Cliff Fenn)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To set out and seek approval of:

- A Revised Housing Revenue Account (HRA) budget for 2012/13
- An Original HRA Budget for 2013/14
- The level of rents and fees and charges for 2013/14
- The five year HRA Capital Programme

EXECUTIVE SUMMARY

2013/14 is the second year of operating under the new HRA self-financing regime and the 30 year HRA Business Plan.

The revised position for 2012/13 and original position for 2013/14 has been calculated based on a number of changes including the impact of the final borrowing requirement to fund the debt settlement payment to the Government of **£35.979m** that formed part of the move to self-financing.

Excluding the addition of a new revenue contribution to the HRA capital programme a more favourable position has been achieved for both 2012/13 and 2013/14 compared to the original 30 year HRA business plan with surpluses of **£0.038m** and **£0.690m** forecast for 2012/13 and 2013/14 respectively. Along with the net use of reserves of **£0.310m**, the 2013/14 surplus of **£0.690m** has been used to fund a revenue contribution of **£1.000m** to the HRA Capital Programme to support a 'new build / property acquisition project'. This position includes increased dwelling rental income of **£0.639m** which is based on a proposed average rent increase of **4.89%** (£3.85 per week) for 2013/14. This increase is based on the continuation of the current rent setting policy that seeks the convergence of rent levels across the social housing sector by 2015/16.

The Capital programme has also been revised based on additional information which includes the addition of two schemes in 2012/13 associated with property acquisition through a compulsory purchase order and a new build initiative in Brightlingsea. As mentioned above, the 2013/14 programme includes a wider new build and acquisition project which will be subject to commitments as further opportunities for the Council arise.

HRA debt will reduce over 2012/13 and 2013/14 as principal is repaid with a total debt position at the end of 2013/14 forecast to be **£50.992m**. This provides borrowing 'headroom' of **£9.293m** against the HRA debt cap of **£60.285m**.

Along with HRA balances, which are forecast to total **£5.557m** by the end of 2013/14, a

strong position is set out, against which the future investment in tenant's properties and associated services can be considered.

RECOMMENDATION(S)

That Cabinet:

- (a) Approves the 2013/14 Scale of Charges shown in Appendix B and that the final charge for the Careline Alarm Service that is subject to further discussions with Essex County Council, be delegated to the relevant service Director in consultation with the Housing, Benefits, Revenues and Sports Facilities Portfolio Holder.**
- (b) Approves the level of rents for 2013/14 in accordance with the existing rent setting policy based on an increase in the average rent of 4.89% with no tenant bearing an increase of more than the limit set out within the rent setting policy of RPI (2.6%) + 0.5% plus £2.00 per week.**
- (c) Subject to (a) and (b) above, approves the Housing Revenue Account revised estimates for 2012/13 and original estimates for 2013/14 as set out in Appendix A, along with the HRA Capital Programme set out in Appendix C.**
- (d) Agrees that, in respect of 2012/13, the corporate financial system is amended accordingly to reflect these changes along with any amendments arising from revised financial reporting requirements.**

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

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

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:

- Changes in income achieved and future rent setting policies
- Emergence of additional areas of spend
- Emergence of new or revised guidance
- New legislation / burdens
- Changing stock condition requirements
- Adverse changes in interest rates
- National welfare reforms

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 be in excess of **£5m** which although required to support the business plan and HRA investment in future years, provide a 'buffer' to the 30 year Business Plan if for example some of the items highlighted above emerge or are required to deal with changing financial and service demand issues.

In mitigating the transfer of risk from Government to the Council under the self-financing changes that came into effect from April 2012, financial modelling was undertaken taking into account a number of assumptions and sensitivity testing. The outcome of this work confirmed the sustainability and resilience of the HRA within a self financing environment and the ability to provide opportunities for investment in the housing stock and associated housing services.

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.

The new self-financing regime for the Housing Revenue Account that came into effect from April 2012 was enabled by the Localism Act 2011.

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 financial planning processes aim to recognise and include such issues where appropriate and relevant.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The 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.

The Localism Act 2011 introduced a fundamental change to the operation of the Housing Revenue Account and the overall landlord function of a Local Authority from the 1 April 2012. From this date the system moved away from one based on a subsidy approach to one where the Local Authority could retain all rent collected locally for investment in its own housing stock and associated services for the benefit of Tenants and other users of its services.

To enable this shift in approach, the Council was required to 'buy out' of the subsidy arrangements by way of a one-off payment to the Government of **£35.979m**. This payment

was fully financed via borrowing from the Public Works Loan Board (PWLB) at preferential interest rates. The borrowing was structured over a number of individual loans based on the approach of repaying principal each year and providing future opportunities for further investment in the HRA.

Although the Council is free to set its own level of rents, it is important to note that the debt settlement and 30 year HRA business plan was based on the continuation of the Government's commitment for rents to converge across the Social Housing Sector by 2015/16. Therefore the proposed HRA estimates remain based on this underlying principle.

It is also worth highlighting that there have also been changes around the current capital receipts pooling arrangements. The arrangements whereby the Council keeps 25% from the sale proceeds from the disposal of council houses under the right to buy regulations remains (50% from all other receipts). However the calculations also take into account the level of debt attributable to each property with the aim of ensuring that there is no overhanging debt for sold properties no longer within the HRA. so not potentially 'weakening' the long term viability of the HRA business plan. A further change was the ability to keep amounts over and above the various deductions to invest in the provision of affordable housing. The Council has signed up to this approach but at present it is not forecast that significant receipts will be available after the various deductions are made. However if available receipts do emerge then these will be subject to further review and consideration to ensure they are spent in accordance with the associated rules.

As part of the move to a self-financing approach last year, existing loans held by the authority were allocated across the General Fund and HRA. A separate section of the report sets out further details around HRA borrowing which is now based on the separate accounting of GF and HRA debt rather than as general Local Authority debt which was notionally split for the purposes of charging borrowing costs correctly.

30 Year HRA Business Plan

As previously mentioned the various elements of the HRA budget were forecasted, tested and modelled on a number of scenarios that provided the confidence around a sustainable HRA under the self-financing regime.

HOUSING REVENUE ACCOUNT BUDGETS

HRA Revised Budget 2012/13 and Original Budget 2013/14

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

Housing Revenue Account	2012/13 Original £m	2012/13 Revised £m	2013/14 Original £m
<i>Direct Expenditure</i>	4.652	4.657	4.629
<i>Direct Income</i>	(13.362)	(13.416)	(14.008)
<i>Indirect Income / Expenditure</i>	5.971	5.890	5.896
Initial (SURPLUS) / Deficit	(2.739)	(2.869)	(3.483)
Financing Costs (Debt Settlement)	2.831	2.831	2.793

NET (SURPLUS) / Deficit	0.092	(0.038)	(0.690)
Revenue Contribution to the Capital Programme			1.000
NET use of Reserves 2013/14			0.310

REVISED ESTIMATE 2012/13

The revised position is broadly in line with the original estimate. Items have been updated to reflect a more up to date position with no overall fundamental changes to highlight over and above any comments included in **Appendix A**.

Taking into account the financing of the self-financing debt settlement, a deficit was originally anticipated for the first year of the HRA business plan until it moved into a surplus position from 2013/14 and beyond. Taking into account the net changes for the year, a surplus of **£0.038m** is now forecast in 2012/13.

ORIGINAL ESTIMATE 2013/14

2013/14 is the second year of the 30 year HRA Business Plan and taking into account the financing of the self-financing debt settlement, a surplus of **£0.244m** was originally anticipated for the year. Taking into account the net changes for the year, an improved surplus position of **£0.690m** is now forecast in 2013/14 before the revenue contribution to the Capital Programme is made.

Similarly to the General Fund, no underlying inflationary uplifts have been provided but against this overall backcloth, significant items have been subject to separate and comprehensive review where appropriate.

Although comments have been set out in **Appendix A**, comments against significant items within the overall position for the year are set out below:

- **Premises Related Expenditure - Utility Costs**

Although volatility is inherent in these markets, based on current experience and forecast price changes, a relatively modest reduction of **£0.039m** has been reflected in the 2013/14 budget.

- **Premises Related Expenditure – Council Tax on Empty Properties**

Following the recent change approved by Council on 27 November 2012, where properties are no longer eligible for a six month exemption from Council Tax when they become vacant, the budget has been increased by **£0.053m** to meet this additional cost. However, minimising as far as possible the time a property is vacant remains an underlying principle and a key performance measurement for the service.

- **Premises Related Expenditure – Depreciation and the Funding of the Capital Programme**

Under the new self-financing rules and unlike in the GF, depreciation is now a real charge to the HRA and is required to be 'set aside' to fund the capital programme. The historic concept of the Major Repairs Allowance continues and is in effect the depreciation for the year plus an associated adjustment. Together the figure totals **£3.249m** for 2013/14. The current capital programme is primarily funded via this mechanism with the annual amount 'set aside' from the HRA largely matching the

amount of money required to fully fund the proposed capital projects each year. (excluding the new build / acquisition project which is funded by a direct revenue contribution from the HRA)

The total amount 'set aside' which includes the associated adjustment is based on the figures that the Government set out in the debt financing model under self-financing. This is a 5 year 'interim' or 'transitional' solution with Council's able to apply the 'set aside' amount until a fundamental change in how to calculate depreciation becomes mandatory. In future the 'replacement' depreciation charge will be based on the concept of componentisation so different components of a property or asset will be subject to different rates of depreciation. As one of the most significant expenditure figures in the HRA, this will need to be kept under review over the life of the Business Plan.

It is also proposed that impairment will be chargeable to the HRA in future years that will have an impact on the annual HRA surplus rather than being a technical item that is reversed out as is currently the case. Impairment can arise from a change in condition to a reduction in market value and has been a significant charge in recent years with the figure running into millions of pounds. This issue remains under review and the Council will need to respond accordingly, including working with the relevant accounting body if appropriate, as the HRA can clearly not sustain a significant impairment charge in any one year.

- **Rental Income**

Rent setting was clearly greatly influenced by the Government under the previous subsidy arrangements and to a large extent this influence remains in the short to medium term as the debt settlement figure of **£35.979m** paid by this Council was based on existing rent setting policies. Therefore although the Council is able to set its own level of rents, any significant divergence from the existing approach in the first few years of the plan may put pressure on the current estimates and assumptions reflected in the 30 year business plan.

Therefore the current level of rent increase for 2013/14 remains based on the existing rent restructuring formula of RPI + 0.5% plus an amount to converge with target rents (an average rent across the whole social housing sector). Applying this rent setting formula, the average weekly increase across the Council's 3,000+ housing properties is **4.89%** (£3.85 per week), with the average weekly rent being **£76.82** for 2013/14. The main factor behind this level of increase is the current rate of Inflation with RPI taken at September 2012 being **2.6%**. As a broad comparator the Local Housing Allowance figure for an average two bedroom property in the Private Sector is now £129.71 per week and £161.54 for a three bedroom property, demonstrating the value for money that the proposed rent level provides. Cabinet considers that council housing is an alternative form of tenure not a second rate form of tenure. The Council will be, and has proven to be a good landlord and will always assist people where appropriate but there is an expectation that people will pay their rents and adhere to the tenancy agreement.

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. No property will bear an increase of more than RPI + 0.5% + £2 per week.

The total dwelling rental income budget for 2013/14 is **£12.857m**, an increase of **£0.639m** compared to 2012/13. It is important to highlight that unlike under the previous subsidy arrangements this income is now retained by the Council for future investment in tenant's properties and associated services rather than paid over to the Government.

The average rent proposed for 2013/14 is anticipated to be below the 'limit rent' which is a

Government set level above which the Council would incur deductions from the subsidy it receives for rent rebates under a subsidy limitation scheme. Based on previous years, limit rents are increased within the rent setting formula so as actual rents also remain based on this approach it is not expected to have an impact for the year.

HRA Fees and Charges

Further details are set out in **Appendix B**.

Following an annual review a number of fees and charges have been increased above inflation to better reflect the actual cost of providing the associated service.

In respect of the charge for the Careline Alarm Service, this remains under review by Essex County Council (ECC) and the outcome from this is still awaited.

HRA Capital Programme

The detailed HRA Capital Programme is set out in **Appendix C**.

The 2012/13 revised budget includes carry forwards from 2011/12 which primarily reflects the difference compared to the original 2012/13 estimates. However in addition two new areas of spend have now been included for 2012/13. These relate to the compulsory purchase and refurbishment of a local property which remains in progress along with a new build initiative of two properties in Brightlingsea which are planned on being progressed in 2013. A more general and wider new build / acquisitions project has been included in 2013/14 funded by a direct revenue contribution of **£1.000m** from the HRA to enable the Council to respond to further opportunities that may arise in the future.

In respect of other areas of the future year's budgets, these reflect the estimated level of capital works based on stock condition survey outcomes and any associated reviews.

As set out in the Appendix and previously mentioned, the principal source of funding is now the annual Major Repairs Allowance which primarily reflects the charge for depreciation. S106 money has now been applied to fund the two new schemes in 2012/13 mentioned above.

Although capital receipts from Right to Buy sales is receivable each year, they have not been included in the funding of the Capital Programme. This assumption provides a margin of safety over and above the annual funding contributions allowed for and reflects the existing use of such receipts to support the Disabled Facilities Grant scheme in the General Fund Capital Programme.

HRA Balances

- **2012/13** – The proposed revised budget results in an estimated surplus of **£0.038m** remaining within the HRA at the end of the financial year which would increase the HRA general balance to an estimated **£5.867m** by the end of March 2013.
- **2013/14** - The proposed budget for 2013/14 results in an estimated use of reserves of **£0.310m** which would reduce the HRA general balance to an estimated **£5.557m** by the end of March 2014.

The forecast position of balances at 31 March 2013 and 31 March 2014 will vary over time depending on the outturn positions for 2012/13 and 2013/14 as well as the emergence of other unexpected or unplanned matters that could occur in or across these years.

HRA BORROWING

Following the split of existing loans held by the authority the amount of existing debt allocated to the HRA in line with the option approved by Council at its 7 February 2012 meeting was **£18.941m**.

The debt settlement associated with the move to self-financing totalled **£35.979m** which was fully funded by new loans from the PWLB.

The total HRA debt at the start of 2012/13 was therefore **£54.920m**.

No new debt has been taken on but principal repaid during 2012/13 totals **£1.964m**. With forecast repayments of principal of **£1.964m** in 2013/14, the level of HRA debt at the end of 2013/14 is forecast to be **£50.992m**, with average borrowing costs against this level of debt being **3.11%**.

As part of the move to self-financing, the Government imposed an HRA debt cap of **£60.285m**. Taking into account the actual level of HRA borrowing, at the end of 2013/14 the level of 'headroom' for additional future borrowing is **£9.293m**. This headroom will increase as debt is repaid each year although will be subject to further borrowing decisions in the future.

The annual cost of principal and interest included in the proposed HRA budgets is **£3.648m** and **£3.610m** for 2012/13 and 2013/14 respectively.

HRA 30 YEAR BUSINESS PLAN – UPDATE

The 2012/13 revised budget and 2013/14 original budget remain broadly in line with the original business plan. No significant changes are currently proposed apart from the revenue contribution to the Capital Programme of **£1.000m**, which if excluded provides for an underlying improved position for both 2012/13 and 2013/14 than original planned.

The final loan structure and interest rates associated with the debt settlement of **£35.979m** were favourable and provide a robust position to move forward from. HRA balances set out above remain strong and with debt being paid off each year, the HRA remains in a strong position against which to work from in future years.

However a number of risks are inherent in a long term year plan and reviews and adjustments will be required in the future to ensure that the HRA remains sustainable and can deliver the investment to tenant's properties and associated services.

CODE OF PRACTICE – STATEMENT OF ACCOUNTS

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, changes may occur across years. Budgets may need to be reviewed and budget transfers undertaken to address any new requirements emerging from the relevant codes of practice that are issued each year.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES**Appendix A** HRA Budgets 2012/13 Revised and 2013/14 Original**Appendix B** HRA Proposed Fees and Charges 2013/14**Appendix C** HRA 5 Year Capital Programme

Revenue Estimates 2013/14

Department - HRA

APPENDIX A

<u>Analysis by Type of Spend</u>	2012/13 Original Estimate	2012/13 Revised Estimate	2013/14 Original Estimate
	£	£	£
Direct Expenditure			
Employee Expenses	583,990	580,140	583,640
Premises Related Expenditure	3,570,880	3,581,030	3,601,010
Transport Related Expenditure	3,930	5,500	5,500
Supplies & Services	475,770	474,380	420,380
Third Party Payments	0	1,000	1,030
Transfer Payments	17,000	15,460	17,000
Total Direct Expenditure	4,651,570	4,657,510	4,628,560
Direct Income			
Government Grants	(133,930)	(140,000)	(140,000)
Other Grants reimbursements and Contributions	(8,000)	(8,000)	(8,000)
Sales, Fees and Charges	(747,010)	(761,900)	(732,390)
Rents Receivable	(12,414,600)	(12,445,340)	(13,065,670)
Interest Receivable	(58,000)	(60,600)	(61,600)
Total Direct Income	(13,361,540)	(13,415,840)	(14,007,660)
Net Direct Costs	(8,709,970)	(8,758,330)	(9,379,100)
Indirect Income/Expenditure			
FRS17 Pension Costs	(208,510)	(233,840)	(240,010)
Service Unit and Central Costs	2,075,630	2,021,920	2,033,540
Capital Financing Costs	4,123,810	6,966,320	7,924,660
Recharged Income	(20,160)	(33,730)	(28,710)
Total Indirect Income/Expenditure	5,970,770	8,720,670	9,689,480
Contributions to/(from) reserves			
Contributions to/ (from) Reserves	2,739,200	37,660	(310,380)
Total Contributions to/(from) reserves	2,739,200	37,660	(310,380)
Net Contribution to/(from) Reserves	2,739,200	37,660	(310,380)
Total for HRA	0	0	0

Department - HRA

<u>Analysis by Section/Function</u>	2012/13 Original Estimate	2012/13 Revised Estimate	2013/14 Original Estimate	Notes
	£	£	£	
HRA - Policy & Management				
<i>Portfolio/ Committee: Housing (HRA)</i>				
Direct Expenditure	58,000	58,000	58,000	
Direct Income	(1,200)	(1,200)	(1,200)	
Indirect Income/Expenditure	428,490	415,060	417,970	
Net Total	485,290	471,860	474,770	
HRA - Managing Tenancies				
<i>Portfolio/ Committee: Housing (HRA)</i>				
Direct Expenditure	148,500	138,500	138,500	
Indirect Income/Expenditure	596,240	579,660	583,260	
Net Total	744,740	718,160	721,760	
HRA - Rent Collection And Accounting				
<i>Portfolio/ Committee: Housing (HRA)</i>				
Direct Expenditure	91,660	91,840	91,840	
Direct Income	(8,420)	(8,420)	(8,440)	
Indirect Income/Expenditure	288,720	279,770	281,710	
Net Total	371,960	363,190	365,110	

<u>Analysis by Section/Function</u>	2012/13 Original Estimate	2012/13 Revised Estimate	2013/14 Original Estimate	Notes
HRA - Right to Buy Administration <i>Portfolio/ Committee: Housing (HRA)</i> Direct Income Indirect Income/Expenditure Net Total	 (5,390) 13,050 7,660	 (2,600) 12,700 10,100	 (3,900) 12,780 8,880	 This now reflects a revised administration charge as prescribed within the Right to Buy (RTB) Regulations, along with an assumption on the number of sales in the year.
HRA - Unapportionable Central Overheads Contribution <i>Portfolio/ Committee: Housing (HRA)</i> Indirect Income/Expenditure Net Total	 275,720 275,720	 275,720 275,720	 275,720 275,720	
HRA - Pumping Stations <i>Portfolio/ Committee: Housing (HRA)</i> Direct Expenditure Direct Income Indirect Income/Expenditure Net Total	 3,850 (3,740) 16,980 17,090	 3,600 (4,170) 14,440 13,870	 3,600 (4,290) 14,540 13,850	
HRA - Sewerage Expenses <i>Portfolio/ Committee: Housing (HRA)</i> Direct Expenditure Direct Income Indirect Income/Expenditure Net Total	 19,310 (15,590) 28,170 31,890	 20,110 (16,300) 29,380 33,190	 18,480 (16,750) 29,570 31,300	

<u>Analysis by Section/Function</u>	2012/13 Original Estimate	2012/13 Revised Estimate	2013/14 Original Estimate	Notes
HRA - Communal Central Heating <i>Portfolio/ Committee: Housing (HRA)</i> Direct Expenditure Direct Income Net Total	 123,770 (118,300) 5,470	 100,000 (100,000) 0	 107,000 (107,000) 0	 This reflects revised assumptions on utility bills and revised fees and charges.
HRA - Supporting People re SUs <i>Portfolio/ Committee: Housing (HRA)</i> Direct Expenditure Direct Income Indirect Income/Expenditure Net Total	 78,090 (261,280) 240,320 57,130	 78,090 (267,350) 240,640 51,380	 24,090 (213,350) 240,880 51,620	 Although the fees and charges associated with the Careline service remain subject to discussion with ECC, the current position reflects the expected reduction in grant from ECC which is consistent with a similar adjustment made within the General Fund, which is where the income finally paid to from the HRA.
HRA - Sheltered Units <i>Portfolio/ Committee: Housing (HRA)</i> Direct Expenditure Direct Income Indirect Income/Expenditure Net Total	 319,560 (195,120) (127,780) (3,340)	 323,230 (195,860) (130,960) (3,590)	 323,230 (195,960) (130,580) (3,310)	
HRA - Colne Housing Soc Shel Units <i>Portfolio/ Committee: Housing (HRA)</i> Direct Expenditure Net Total	 8,000 8,000	 8,000 8,000	 8,000 8,000	
HRA - Estate Sweeping <i>Portfolio/ Committee: Housing (HRA)</i> Direct Expenditure Net Total	 61,630 61,630	 63,000 63,000	 66,000 66,000	

<u>Analysis by Section/Function</u>	2012/13 Original Estimate	2012/13 Revised Estimate	2013/14 Original Estimate	Notes
HRA - Communal Cleaning <i>Portfolio/ Committee: Housing (HRA)</i> Direct Expenditure Direct Income Net Total	50,510 (50,690) (180)	64,700 (50,000) 14,700	66,000 (50,500) 15,500	
HRA - Communal Electricity <i>Portfolio/ Committee: Housing (HRA)</i> Direct Expenditure Direct Income Net Total	120,000 (59,310) 60,690	100,000 (75,000) 25,000	100,000 (80,000) 20,000	This reflects revised assumptions on utility bills and revised fees and charges.
HRA - Estate Lighting <i>Portfolio/ Committee: Housing (HRA)</i> Direct Expenditure Net Total	6,370 6,370	5,000 5,000	5,000 5,000	
HRA - Maintenance Of Grounds <i>Portfolio/ Committee: Housing (HRA)</i> Direct Expenditure Direct Income Net Total	177,520 (93,480) 84,040	194,940 (105,000) 89,940	177,520 (115,000) 62,520	The income position reflects revised fees and charges that better reflect the costs of providing this service.
HRA - Repair & Maintenance <i>Portfolio/ Committee: Housing (HRA)</i> Direct Expenditure Direct Income Indirect Income/Expenditure Net Total	2,980,140 0 328,860 3,309,000	2,994,080 0 314,920 3,309,000	2,981,170 0 320,830 3,302,000	

<u>Analysis by Section/Function</u>	2012/13 Original Estimate	2012/13 Revised Estimate	2013/14 Original Estimate	Notes
HRA - Tenants Rentals <i>Portfolio/ Committee: Housing (HRA)</i> Direct Income Net Total	 (12,398,900)	 (12,428,770)	 (13,049,100)	 This primarily reflects the proposed dwelling rent increases for 2013/14 along with other similar rental charges.
HRA - Rents & Other Charges <i>Portfolio/ Committee: Housing (HRA)</i> Direct Expenditure Net Total	 22,450	 35,000	 75,670	 The increase for 2013/14 is due to the removal of the 6-month exemption period relating to Council Tax liability as part of the technical changes approved by Council on 27/11/12.
HRA - Rent Income <i>Portfolio/ Committee: Housing (HRA)</i> Direct Income Net Total	 (15,700)	 (16,570)	 (16,570)	
HRA - Lease Holders Charges <i>Portfolio/ Committee: Housing (HRA)</i> Direct Income Net Total	 (76,420)	 (84,000)	 (84,000)	
HRA - General Fund Contribution <i>Portfolio/ Committee: Housing (HRA)</i> Indirect Income/Expenditure Net Total	 (20,160)	 (30,000)	 (28,710)	

<u>Analysis by Section/Function</u>	2012/13 Original Estimate	2012/13 Revised Estimate	2013/14 Original Estimate	Notes
HRA - Subsidy <i>Portfolio/ Committee: Housing (HRA)</i> Direct Expenditure Net Total	 0 0	 (1,540) (1,540)	 0 0	The 2012/13 Revised position relates to an adjustment required to the previous year's subsidy liability; there are no underlying subsidy issues as this no longer applies following the move to self-financing on the 1st April 2012.
HRA - Interest <i>Portfolio/ Committee: Housing (HRA)</i> Direct Income Net Total	 (58,000) (58,000)	 (60,600) (60,600)	 (61,600) (61,600)	
HRA - Rent Arrears Provision <i>Portfolio/ Committee: Housing (HRA)</i> Direct Expenditure Net Total	 50,000 50,000	 50,000 50,000	 50,000 50,000	
HRA - Capital & Interest Charges <i>Portfolio/ Committee: Housing (HRA)</i> Indirect Income/Expenditure Net Total	 4,187,810 4,187,810	 6,277,320 6,277,320	 7,239,660 7,239,660	This area includes the depreciation, principal and interest payments relating to HRA loans along with a direct revenue contribution of £1m to the Capital Programme to support the new build / acquisition project set out in the proposed HRA Capital Programme.

<u>Analysis by Section/Function</u>	2012/13 Original Estimate	2012/13 Revised Estimate	2013/14 Original Estimate	Notes
HRA - TOTAL <i>Portfolio/ Committee: Housing (HRA)</i> Contributions to/(from) reserves	2,739,200	37,660	(310,380)	This area relates to the contributions to General HRA balances that reflects the overall net changes within the HRA budgets. The 2012/13 Original position was before the required borrowing was undertaken to fund the debt settlement figure of £35.979m, which the 2012/13 revised position now includes. The 2013/14 budget reflects the partial use of reserves to support the £1m contribution to the HRA Capital programme to support the new build / acquisition capital project.
Net Total	2,739,200	37,660	(310,380)	
Total for Commercial Manager	(46,560)	(772,980)	(766,310)	

<u>Analysis by Section/Function</u>	2012/13 Original Estimate	2012/13 Revised Estimate	2013/14 Original Estimate	Notes
HRA - I&E - Capital Grants <i>Portfolio/ Committee: Housing (HRA)</i>				
Indirect Income/Expenditure	0	(47,380)	0	
Net Total	0	(47,380)	0	
HRA - SMHRAB Items to be excluded from HRA balance <i>Portfolio/ Committee: Housing (HRA)</i>				
Indirect Income/Expenditure	(64,000)	689,000	685,000	
Net Total	(64,000)	689,000	685,000	
HRA - SMHRAB Reversal of Capital Grant <i>Portfolio/ Committee: Housing (HRA)</i>				
Indirect Income/Expenditure	0	47,380	0	
Net Total	0	47,380	0	
HRA - SMHRAB HRA - Contributions Payable to the Pension Scheme <i>Portfolio/ Committee: Housing (HRA)</i>				
Direct Expenditure	332,210	330,960	334,460	
Net Total	332,210	330,960	334,460	
HRA - SMHRAB Total FRS 17 Adjustments <i>Portfolio/ Committee: Housing (HRA)</i>				
Indirect Income/Expenditure	(221,650)	(246,980)	(253,150)	
Net Total	(221,650)	(246,980)	(253,150)	
Total for F&P - Financing Items	46,560	772,980	766,310	
Total for HRA	0	0	0	

SCALE OF CHARGES 2013/14

Date last revised	(A)	(B)	(C)	(D)	VAT Ind	Increase in Charge %
	← 2012/13 →	← 2013/14 →	← 2013/14 →	← 2013/14 →		
	Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%	Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%		
Effective from	01/04/2012 £	01/04/2012 £	01/04/2013 £	01/04/2013 £		
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-11	10.03	12.04	10.42	12.50	V 3.89%
Without en-suite facilities (Vyntoner House, Kate Daniels House, Mead House, Spendells House, Crooked Elms, Honeycroft)	Apr-11	7.63	9.16	7.92	9.50	V 3.80%
Garage rents HRA (not subject to VAT unless separately let to non-council tenants)	Apr-11	7.39	7.39	7.76	7.76	* 5.01%
PROVISION OF INFORMATION ON TENANCY CHANGES						
Supply of tenancy changes to Affinity Water, per copy (Formerly Veolia Water East and Tendring Hundred Waterworks Company)	Apr-11	420.00	504.00	440.00	528.00	V 4.76%
QUESTIONNAIRES						
Second mortgage enquiries (per enquiry)	Apr-11	69.97	83.96	73.00	87.60	V 4.33%
Solicitors enquiries on resale of council flats	Apr-11	63.17	75.80	66.00	79.20	V 4.48%
SERVICE CHARGES (per week)						
Sewerage charges (not subject to VAT) (See Note 1):						
Treatment Works:						
Goose Green, Tendring	Apr-12	6.75	6.75	6.95	6.95	Z 2.96%
Coronation Villas, Beaumont	Apr-12	6.68	6.68	6.88	6.88	Z 2.99%
Whitehall Lane, Thorpe	Apr-12	4.56	4.56	4.69	4.69	Z 2.85%
Shop Road, Little Bromley	Apr-12	7.80	7.80	8.03	8.03	Z 2.95%
Horsley Cross, Mistley	Apr-08	9.00	9.00	9.00	9.00	Z 0.00%
Bio Systems	Apr-12	6.68	6.68	6.88	6.88	Z 2.99%
Septic Tanks	Apr-12	2.40	2.40	2.47	2.47	Z 2.92%
Pumping Stations (not subject to VAT)	Apr-12	4.40	4.40	4.53	4.53	Z 2.95%
Sewerage charge cap where tenant in receipt of benefit	Apr-08	5.00	5.00	5.00	5.00	Z 0.00%

SCALE OF CHARGES 2013/14

	Date last revised	(A)	(B)	(C)	(D)	VAT Ind	Increase in Charge %
		← 2012/13 →	← 2013/14 →	← 2013/14 →	← 2013/14 →		
		Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%	Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%		
	Effective from	01/04/2012 £	01/04/2012 £	01/04/2013 £	01/04/2013 £		
Communal central heating charges (not subject to VAT) (See Note 2):							
Heating and hot water:							
Single units	Apr-11	9.34	9.34	10.10	10.10	N	8.14%
Double units	Apr-11	11.00	11.00	11.90	11.90	N	8.18%
Sheltered Scheme Manager units	Apr-11	13.23	13.23	14.30	14.30	N	8.09%
Hot water only (St Marys Court)	Apr-11	3.43	3.43	3.80	3.80	N	10.79%
Other Service Charges (not subject to VAT):							
Sheltered Housing:							
Grounds Maintenance	Apr-11	1.78	1.78	1.98	1.98	X	11.24%
Communal Electricity	Apr-11	2.49	2.49	2.85	2.85	N	14.46%
Non Sheltered Housing							
Grounds Maintenance	Apr-11	1.15	1.15	1.26	1.26	N	9.57%
Communal Electricity	Apr-11	0.47	0.47	0.54	0.54	N	14.89%
Communal Cleaning (not subject to VAT) (see note 3):							
Langham Drive, Clacton	Apr-11	2.99	2.99	3.21	3.21	N	7.36%
Nayland Drive, Clacton	Apr-11	2.99	2.99	3.13	3.13	N	4.68%
Boxted Ave (3 Storey) , Clacton	Apr-11	2.99	2.99	3.13	3.13	N	4.68%
Boxted Ave (2 Storey) , Clacton	Apr-11	2.99	2.99	3.11	3.11	N	4.01%
Polstead Way, Clacton	Apr-11	2.99	2.99	3.11	3.11	N	4.01%
Porter Way, Clacton	Apr-11	2.99	2.99	3.12	3.12	N	4.35%
Tanner Close, Clacton	Apr-11	2.99	2.99	3.13	3.13	N	4.68%
Mason Road, Clacton	Apr-11	3.20	3.20	3.12	3.12	N	-2.50%
Groom Park, Clacton	Apr-11	1.88	1.88	2.05	2.05	N	9.04%
Leas Road , Clacton	Apr-11	1.88	1.88	2.04	2.04	N	8.51%
Rivers House, Walton	Apr-11	2.04	2.04	2.23	2.23	N	9.31%
Rochford House, Walton	Apr-11	2.04	2.04	2.23	2.23	N	9.31%
D'arcy House , Walton	Apr-11	2.04	2.04	2.23	2.23	N	9.31%
Churchill Court, Dovercourt	Apr-11	2.41	2.41	2.63	2.63	N	9.13%
Cliff Court, Dovercourt	Apr-11	1.88	1.88	2.05	2.05	N	9.04%
Grove Avenue Walton	Apr-11	2.88	2.88	1.09	1.09	N	-62.15%
SHELTERED UNITS SERVICE CHARGES (Not subject to VAT) (see Note 4):							
Supporting People Costs	Apr-11	15.55	15.55	15.55	15.55	X	0.00%
Landlord Costs	Apr-11	13.31	13.31	13.31	13.31	X	0.00%
Careline Alarm	Apr-08	2.94	2.94	Subject to confirmation by ECC		X	TBA

SCALE OF CHARGES 2013/14

Date last revised	(A)	(B)	(C)	(D)	VAT Ind	Increase in Charge %
	Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%	Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%		
Effective from	01/04/2012	01/04/2012	01/04/2013	01/04/2013		
	£	£	£	£		

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 2013-14 with the previously agreed general cap of £9.00 per week being applied or £5.00 where the tenant is in receipt of benefit.

(2) Communal central heating charges

The charges for central heating remain based on the principal of recovering costs in full.

(3) Communal cleaning charges

The charges for communal cleaning have been based on the principal of recovering costs in full.

(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 eligible for benefit and therefore SP grant funding.

* Garage Rent - VAT:

Parking:

Council Tenant	N
Non-Council Tenant	V

Storage:

Homeless persons goods	N
Premises suitable for parking	V
Premises unsuitable for parking	X

APPENDIX C

HRA Capital Programme

	Original 2012/13 Budget £000	Revised 2012/13 Budget £000	2013/14 Budget £000	2014/15 Budget £000	2015/16 Budget £000	2016/17 Budget £000	2017/18 Budget £000
<i>EXPENDITURE</i>							
Improvements, enhancement & adaptation of the Council's housing stock	2,762	3,348	2,762	2,762	2,762	2,783	2,783
Disabled adaptations for Council tenants	400	422	400	400	400	400	400
Information Technology upgrade and replacement	20	20	20	20	20	20	20
Compulsary Purchase and Refurbishment	0	235	0	0	0	0	0
New Build Initiatives and Acquisitions	0	276	1,000	0	0	0	0
Cash Incentive Scheme	60	60	60	60	60	60	60
	3,242	4,361	4,242	3,242	3,242	3,263	3,263
<i>FINANCING</i>							
Major Repairs Reserve	3,242	3,803	3,242	3,242	3,242	3,263	3,263
Direct Revenue Financing of Capital	0	0	1,000	0	0	0	0
Capital Receipts	0	0	0	0	0	0	0
External Contributions	0	47	0	0	0	0	0
S106	0	511	0	0	0	0	0
Supported Borrowing	0	0	0	0	0	0	0
	3,242	4,361	4,242	3,242	3,242	3,263	3,263