

Key Decision Required:	Yes	In the Forward Plan:	Yes
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**CABINET  
22 JANUARY 2016**

**JOINT REPORT OF THE HOUSING PORTFOLIO HOLDER AND FINANCE AND  
TRANSFORMATION PORTFOLIO HOLDER**

**A.7 HOUSING REVENUE ACCOUNT BUDGET PROPOSALS - REVISED BUDGET  
2015/16 AND ORIGINAL BUDGET 2016/17**

(Report prepared by Richard Barrett and Richard Hall)

**PART 1 – KEY INFORMATION**

**PURPOSE OF THE REPORT**

To set out and seek approval of:

- A Revised Housing Revenue Account (HRA) budget for 2015/16 and Original HRA Budget for 2016/17 including the movement in HRA Balances.
- The level of rents and fees and charges for 2016/17.
- The five year HRA Capital Programme.

In addition to the above, this report briefly sets out the various housing related issues and challenges faced by the Council following announcements by the Government which are primarily set out in the Housing and Planning Bill currently progressing through Parliament.

**EXECUTIVE SUMMARY**

- The budget has been calculated based on a number of limited changes, the most significant of which relates to the level of rental income for 2016/17.
- Unlike in previous years where the rent calculations were based on the Government's rent setting guidance (CPI+1%), from April 2016 Local Authorities are now required to reduce rents by 1% each year for 4 years.
- After taking into account the reduction in rents along with other changes for 2016/17, it has still been possible to make a revenue contribution to the HRA Capital Programme of **£0.780m**.
- HRA debt continues to reduce year on year as principal is repaid with a total debt position at the end of 2016/17 forecast to be **£45.099m**. This provides borrowing 'headroom' of **£15.186m** against the HRA debt cap of **£60.285m**.
- Along with the HRA general balance, which is forecast to total **£4.874m** by the end of 2016/17, the HRA remains in a strong position to not only react to the upcoming changes that are set out in the Housing and Planning Bill 2015/16 but also provides a good base against which the Council can consider future investment in housing assets.
- Notwithstanding the above, the 1% rent reduction imposed on Local Authorities from April 2016 will significantly reduce the amount that the Council can invest in the housing stock with over **£30.000m** of income 'removed' from the business case over 30 years due to this issue.
- As highlighted last year, Cabinet continues to consider council housing as an

alternative form of tenure not a second tier form of tenure. The Council will be, and has proven to be a good landlord and will always assist people where appropriate.

## RECOMMENDATION(S)

**That Cabinet:**

- (a) Approves the 2016/17 Scale of Charges shown in Appendix B;**
- (b) notes the 1% reduction in actual rents / formula rents in 2016/17 in line with the Government's imposed restrictions on rent setting policy;**
- (c) subject to (a) and (b) above, approves the Housing Revenue Account revised estimates for 2015/16 and original estimates for 2016/17 as set out in Appendix A, along with the HRA Capital Programme and the movement in HRA Balances / Reserves as set out in Appendix C and Appendix D respectively and;**
- (d) agrees that, in respect of 2015/16, 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 policy
- 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 remain just below **£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 housing investment and associated housing services. Although the changes set out in the Housing and Planning Bill 2015/16 will have a significant impact on the HRA, this will be reflected in a revised business plan that will be considered during 2016/17. Further details of the proposals changes contained within the Housing and Planning Bill are set out in a separate part of this report below.

From 2016/17 impairment will be chargeable to the HRA and the ability to reverse it out of the accounts via a technical accounting adjustment will be removed. Impairment can arise from a change in condition or a reduction in market value and has been a significant charge in recent years with the figure running into millions of pounds. This was a risk identified as part of the move to self-financing in 2012 and there was real concern that if impairment was significant and could not be 'written down' against an HRA Revaluation Reserve then there could be a significant impact on the HRA in future years.

A comprehensive review of this risk was undertaken and there is a high level of confidence that the impact from general changes in market values can be managed via the HRA Revaluation Reserve. This reserve increases or decreases each year with changes in the value of the housing stock. Since the significant fall in prices following the recent recession, this reserve has experienced increases as house prices have recovered over the last few years, with these gains therefore acting as a 'buffer' against any future impairment charge.

House prices are set to continue rise in the medium term which will again enable the HRA Revaluation Reserve to increase over time. It is acknowledged that although house prices follow a cyclical pattern it is usually within an overall longer term trend of increased value. Therefore it is expected that the HRA Revaluation Reserve will continue to increase and therefore 'protect' the HRA from any potential impact from impairment charges over the 30 year business plan.

Notwithstanding the above, which reflects the risk of general changes in market value, one issue that has had a direct impact on the HRA is the impairment charge associated with the recent purchases of land in Jaywick. An impairment charge of **£0.900m** was made to the HRA in 2014/15 as set out in the HRA outturn report presented to Cabinet on 12 June 2015. Although a letter was sent to the Government asking them to reconsider the current treatment of impairment as it clearly restricts / prevents a Local Authority's ability to invest in regeneration projects, to date no response has been received. Officers will continue to liaise with the Government on this issue although no further adjustments are reflected in the budget at this stage.

## **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.

The Welfare Reform and Work Bill 2015/16 introduces the 1% reduction in social rents from April 2016. This Bill is currently progressing through Parliament.

The Housing and Planning Bill 215/16 introduces a number of significant changes that have an impact on social housing. This Bill is currently progressing through Parliament with the potential impact set out in a separate section of this report below.

#### **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.

From April 2012, the Housing Revenue Account has operated under the self-financing approach introduced as part of the Localism Act 2011 which required the Council to 'buy' itself out of the previous subsidy arrangements via a debt settlement process.

Although the Council has up to 2015/16 been free to set its own level of rents, increases each year have been considered within the context of the debt settlement process and 30 year HRA business plan, which was based on the continuation of the Government's commitment for rents to converge across the Social Housing Sector.

In a shock to the Housing / Local Authority sectors, the disappointing news emerged in the summer of 2015 that the Government intended to impose a 1% rent reduction each year for 4 years on Local Authority housing rents. Although this is currently subject to the development of associated legislation, the budget reflects the Government's commitment for this to come into effect from 1 April 2016.

It was intended to review the HRA 30 year business plan as part of the 2016/17 budget 'cycle'. However given the changes on the horizon, such as the 1% reduction in rents, it is now planned on reviewing the plan during 2016/17. This will provide time for further details and clarity to emerge in respect of the numerous adverse changes proposed by the Government which are set out in more detail later on in this report.

## HOUSING REVENUE ACCOUNT BUDGETS

### HRA Revised Budget 2015/16 and Original Budget 2016/17

A high level summary is set out below. Additional information for significant items is also provided below with detailed information set out in **Appendix A**.

	<b>2015/16 Original Budget £m</b>	<b>2015/16 Revised Budget £m</b>	<b>2016/17 Original Budget £m</b>
<b>Direct Expenditure</b>	4.676	6.397	6.449
<b>Direct Income</b>	(14.658)	(14.658)	(14.452)
Indirect Income / Expenditure including Financing Costs	9.982	9.541	8.003
<b>NET (SURPLUS) / DEFICIT</b>	0	1.280	0
<b>Contribution to / (from) Reserves</b>	0	(1.280)	0

### **REVISED ESTIMATE 2015/16**

The revised position is broadly in line with the original estimate, with the change in the contribution to or from reserves reflecting the amounts carried forward from 2014/15. In general, 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** or set out in more detail further on in this report.

### **ORIGINAL ESTIMATE 2016/17**

No overall surplus or deficit is forecast for 2016/17. However the 1% reduction in rents does limit the level of investment elsewhere in the HRA. In following the commitment from 2015/16 a revenue contribution to the Capital programme of **£0.780m** is planned in 2016/17 to support new build and acquisition projects such as in Jaywick. This is a reduction from the **£1.170m** contribution made in 2015/16 which reflects the first year impact of the 1% rent reduction.

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:

### **Rental Income**

Following the previous rent convergence approach over a number of years and the CPI plus 1% annual rent increase in 2015/16 based on revised Government Guidance, the average weekly rent for 2015/16 is **£82.74**. (this was a 2.2% or £1.93 per week increase over the comparative 2014/15 figure)

As a broad comparator the current Local Housing Allowance figure for an average two bedroom property in the Private Sector was **£131.01** per week and **£160.38** for a three bedroom property for 2015/16, demonstrating the value for money that this rent level provided.

However as previously mentioned, stock retaining Local Authorities are now required to reduce rents by 1% per year over the next 4 years. Applying this approach results in an average rent of **£81.90** for 2016/17 which generates income of **£13.400m**. This is a

**£0.150m** reduction compared to income generated from rents in 2015/16.

The original HRA 30 year business plan did not assume any future inflationary increases, which was deemed to be a prudent / cautious approach that limited potential risks to the plan. Although this 'softens' the impact of the 1% reduction in rents now proposed, this does remove a significant level of annual income from the HRA when assessed over the 30 years of the plan.

When set against the CPI + 1% increase that would have been possible under previous Government guidance, the real impact to the HRA in 2016/17 is nearer to **£0.300m**.

The longer term impact will be considered as part of the review of the 30 year business plan during 2016/17. However at present the knock-on impact of the 1% rent reduction to the HRA over 30 years of the plan is estimated to be in excess of **£30.000m**. This effectively is the amount that would have been reinvested in the housing stock or new build and acquisition projects over the life of the plan, but is now not possible.

The immediate impact that can already be seen in 2016/17 is the revenue contribution to the Capital Programme being reduced from **£1.170m** in 2015/17 to **£0.780m** in 2016/17.

Other elements of rent setting guidance such as property caps and limits are assumed to still apply although less relevant in 2016/17 due to the rent reduction.

Although not expected to have a significant overall impact, when a property becomes empty it will be possible to charge the new tenant the formula rent associated with the property, which may be greater than the actual rent charged to the outgoing tenant. However this formula rent is also subject to the 1% reduction which limits the benefit from this change.

### **Other HRA Budgets**

**The bad debt provision** has been increased by **£0.045m** in 2016/17. This reflects the estimated impact of the phased implementation of universal credit. The first phase of the roll out from April 2016 relates to new claims from single people who would otherwise have been eligible for jobseekers allowance.

Instead of the rent being paid directly to the Council as the landlord, the tenant will receive the universal credit payments directly who would then need to pay the Council the rent due. In pilots elsewhere in the country, it has been seen that in some cases the tenant has not paid their rent, which quickly results in rent arrears building up. Although actions are currently being reviewed in terms of how the Council can encourage, prompt and remind tenants to pay their rent when due, it is expected that the level of arrears may increase in the short term.

This is reflected in the 30 business plan which forecasts a much higher bad debt provision as the next phases of the roll out of universal credit are undertaken in future years.

**Supporting People Fees and Charges / Grant Contributions** from ECC are expected to reduce by approx. 25% in 2016/17. This forms part of a longer term plan by ECC to reduce their costs associated with providing support type services, which in the case of the HRA relates to eligible activities within the Sheltered Housing units. This sees a reduction in income of **£0.055m** in 2016/17.

The reduction in 2016/17 now puts the Council in the position of subsidising a service that is the responsibility of ECC. However in supporting our tenant's it is proposed to maintain the current level of support into 2016/17 that will provide time to undertake a wider review to inform the 2017/18 budget process, which will include the consideration of fees and

charges, the level of support provided and the general provision of sheltered accommodation within the overall housing stock. The potential for a longer term transitional period could also be considered subject to the outcome from the review.

### **HRA Fees and Charges**

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

Following an annual review a number of fees and charges have been revised to reflect the actual cost of providing the associated service. The fees for supporting people have been reduced as explained above.

### **HRA Capital Programme**

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

The 2015/16 revised budget includes carry forwards from 2014/15. Primarily the future year's budgets reflect the estimated level of capital works based on stock condition surveys and any associated reviews.

The principal source of funding is the annual Major Repairs Contribution which primarily reflects the charge for depreciation plus an additional voluntary contribution to ensure the right level of investment in the housing stock can be maintained.

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.

As previously mentioned, the size of the new build and acquisition budget has been significantly reduced due to the reduction in available resources within the HRA following the 1% reduction in rents.

In terms of the new build and acquisition budget in 2015/16, this has been increased following the contribution from the HCA to support the provision of starter units in Jaywick.

### **HRA BALANCES / RESERVES**

The detailed HRA Reserves are set out in **Appendix D**.

The forecast position for HRA balances at 31 March 2016 and 31 March 2017 will vary over time depending on the outturn positions for 2015/16 and 2016/17 as well as the emergence of other unexpected or unplanned matters that could occur in or across these years.

Current estimates put the total HRA reserves at **£9.069m** by the end of 2016/17, with the general balances element within this overall amount being **£4.874m**.

### **HRA DEBT**

The total HRA debt at the start of 2015/16 was **£49.027m**.

No new debt has been taken on but principal repaid during 2015/16 totals **£1.965m**. With forecast repayments of principal of **£1.964m** in 2016/17, the level of HRA debt at the end

of 2016/17 is forecast to be **£45.098m**, with average borrowing costs against this level of debt being **3.26%**.

The Government's imposed HRA debt cap is **£60.285m**. Taking into account the actual level of HRA borrowing, at the end of 2016/17 the level of 'headroom' for additional future borrowing is **£15.186m**. 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 **£3.539m** and **£3.498m** for 2015/16 and 2016/17 respectively.

## **UPCOMING HOUSING RELATED ISSUES**

The Government have made housing one of its key priorities for this Parliament with the summer budget in 2015 introducing a number of new policies which have a direct impact on social housing.

These policies are planned on being introduced via the Housing and Planning Bill which is currently subject to the usual parliamentary processes before it is enacted. The main impact of the bill on the HRA can be summarised as follows:

### **Vacant High Value Local Authority Housing**

This element of the bill empowers the Secretary of State for the Department of Communities and Local Government to make a determination to Local Authorities requiring them to make an annual upfront payment which is an estimate of the market value of the Local Authority's high value properties which are likely to become vacant during the year.

The idea is that the payment would be funded by the capital receipt from the sale of a property when it becomes vacant, a different treatment to a Right to Buy receipt at present which can be partly retained for reinvestment locally.

Conversations within the housing sector nationally suggest that it would be up to the Local Authority to determine how the upfront payment would be funded. This indicates that some costs could feasibly fall to the General Fund if for example the receipt from the high value properties sales were not enough to cover the payment. The payment would therefore effectively be a general levy on a Local Authority.

The bill does not define what a 'High Value' property is but gives the Secretary of State the power to determine this. TDC have already been asked to provide information by the DCLG on stock values and levels of vacancies, so it appears that that the definition will be clarified in the early part of 2016.

### **Mandatory Rents for High Income Tenants: 'Pay to Stay Provisions'**

This, like high value properties gives the Secretary of State the power to direct all providers of social housing to charge levels of rent to high income social tenants with specific reference to market rates in the local area.

The bill also enables the Secretary of State to place a levy on a Local Authority, equivalent to an estimate of additional rental income generated by this new provision. It is expected that this would also be an upfront payment each year which would be funded over the course of the financial year from the extra rental income received.

However, unlike the 'High Value' provisions, the Government has provided more detail on



how it believes the policy should work. The current proposal is that the new rent levels will be levied on household incomes of £30,000 or more per annum. The term household could imply 2 working adults, as well as high earning individuals reaching the £30,000 threshold. The Institute of Fiscal Studies estimates that this will affect 250,000 social tenants nationally.

In order to gather the data to administer the final settled policy, the bill provides for data sharing between relevant authorities and the HMRC, including the possible setting up of a new Government body to oversee this if necessary.

The administrative burden this new policy will introduce will be significant and it is quite feasible that the extra income received would not be enough to fund the levy leaving the HRA to pick up the balance.

### **Amendments to the bill – Phasing out of Tenancies for Life and Succession to Secure Tenancies**

On 10 December 2015 the Government tabled the above which phase out Council Tenants right to a lifetime tenancy and instead ensure that all new tenants are offered a fixed term tenancy of 2-5 years instead.

This will require relevant Local Authorities, including Tendring, to review a tenancy six months before termination of the contract to ascertain whether the tenant's circumstances have changed significantly enough to warrant continuation of the tenancy.

The amendments will also end the current ability of a lifetime tenant to pass on the tenancy to children or dependant relatives.

From a purely financial perspective, the possible future costs of the amendments include:

- Additional administration costs around the change in contract and the requirement to review it.
- The possible higher costs of repair to properties and greater void loss due to tenants taking less care of the properties and the difficulty in attracting new tenants over time.

It is too early to include the impact of these measures in the 2016/17 HRA budget. This is because there is currently not enough clarity on the key definitions or enough information to make an informed decision. It is understood that this information will be forthcoming in the early part of 2016.

Once the impact of all the measures becomes clearer, then any impact in 2016/17 will be reflected in the budget via the Corporate Budget Monitoring process and/or the revised estimate processes.

As you can see from the above, the Government's focus on housing is potentially leading to some ill thought through policy making, exposing Local Authorities to significant financial risks in the future.

### **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**

<b>Appendix A</b>	HRA Budgets 2015/16 Revised and 2016/17 Original
<b>Appendix B</b>	HRA Proposed Fees and Charges 2016/17
<b>Appendix C</b>	HRA 5 Year Capital Programme
<b>Appendix D</b>	HRA Reserves

# Revenue Estimates 2016/17

## Department - HRA

<b>Analysis by Type of Spend</b>	<b>2015/16 Original Estimate</b>	<b>2015/16 Revised Estimate</b>	<b>2016/17 Original Estimate</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Direct Expenditure</b>			
Employee Expenses	620,560	762,590	798,630
Premises Related Expenditure	3,616,610	3,633,200	3,633,200
Transport Related Expenditure	10,500	10,950	18,320
Supplies & Services	410,380	397,200	447,310
Third Party Payments	1,030	1,030	1,030
Transfer Payments	17,000	17,000	17,000
Interest Payments	0	1,574,850	1,533,470
<b>Total Direct Expenditure</b>	<b>4,676,080</b>	<b>6,396,820</b>	<b>6,448,960</b>
<b>Direct Income</b>			
Government Grants	(100,000)	(100,000)	(45,000)
Other Grants, Reimbursements and Contributions	(8,000)	(8,000)	(8,000)
Sales, Fees and Charges	(681,690)	(681,690)	(674,210)
Rents Receivable	(13,806,970)	(13,806,970)	(13,663,150)
Interest Receivable	(61,600)	(61,600)	(61,600)
<b>Total Direct Income</b>	<b>(14,658,260)</b>	<b>(14,658,260)</b>	<b>(14,451,960)</b>
<b>Net Direct Costs</b>	<b>(9,982,180)</b>	<b>(8,261,440)</b>	<b>(8,003,000)</b>
<b>Indirect Income/Expenditure</b>			
FRS17/IAS19 Pension Costs	(216,130)	(217,890)	(228,170)
Service Unit and Central Costs	2,197,210	2,109,200	2,199,580
Capital Financing Costs	8,029,810	7,678,590	6,060,300
Recharged Income	(28,710)	(28,710)	(28,710)
<b>Total Indirect Income/Expenditure</b>	<b>9,982,180</b>	<b>9,541,190</b>	<b>8,003,000</b>
<b>Net Contribution to/(from) Reserves</b>	<b>0</b>	<b>(1,279,750)</b>	<b>0</b>
<b>Total for HRA</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Department - HRA

<u>Analysis by Section/Function</u>	2015/16 Original Estimate	2015/16 Revised Estimate	2016/17 Original Estimate	Notes
	£	£	£	
<b>HRA - I&amp;E - Capital Grants</b>				
<i>Portfolio/ Committee: Housing</i>				
Indirect Income/Expenditure	0	(200,000)	0	This reflects a grant from the Homes and Communities Agency to support the provision of starter homes in Jaywick
<b>Net Total</b>	<b>0</b>	<b>(200,000)</b>	<b>0</b>	
<b>HRA - MIRS Items to be excluded from HRA balance</b>				
<i>Portfolio/ Committee: Housing</i>				
Indirect Income/Expenditure	1,860,910	3,084,540	1,466,250	£1,279,750 included in the 2015/16 Revised Budget relates to amounts carried forward from 2014/15 Cabinet 12 June 2015
<b>Net Total</b>	<b>1,860,910</b>	<b>3,084,540</b>	<b>1,466,250</b>	
<b>HRA - MIRS Reversal of Capital Grant</b>				
<i>Portfolio/ Committee: Housing</i>				
Indirect Income/Expenditure	0	200,000	0	This reflects the use of the grant from the HCA mentioned above - i.e. a contribution to the Capital Programme in 2015/16.
<b>Net Total</b>	<b>0</b>	<b>200,000</b>	<b>0</b>	

<b><u>Analysis by Section/Function</u></b>	<b>2015/16 Original Estimate</b>	<b>2015/16 Revised Estimate</b>	<b>2016/17 Original Estimate</b>	<b>Notes</b>
<b>HRA - MIRS HRA - Contributions Payable to the Pension Scheme</b> <i>Portfolio/ Committee: Housing</i>	<b>£</b>	<b>£</b>	<b>£</b>	
Direct Expenditure	361,180	401,050	411,330	
<b>Net Total</b>	<b>361,180</b>	<b>401,050</b>	<b>411,330</b>	
<b>HRA - MIRS Total IAS 19 Adjustments</b> <i>Portfolio/ Committee: Housing</i>				
Indirect Income/Expenditure	(257,610)	(314,310)	(322,420)	
<b>Net Total</b>	<b>(257,610)</b>	<b>(314,310)</b>	<b>(322,420)</b>	
<b>HRA - MIRS Minimum Revenue Provision</b> <i>Portfolio/ Committee: Housing</i>				
Indirect Income/Expenditure	1,964,300	1,964,300	1,964,300	
<b>Net Total</b>	<b>1,964,300</b>	<b>1,964,300</b>	<b>1,964,300</b>	
<b>Total for F&amp;P - Financing Items</b>	<b>3,928,780</b>	<b>5,135,580</b>	<b>3,519,460</b>	
<b>HRA - Policy &amp; Management</b> <i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	58,000	45,560	58,000	
Direct Income	(2,200)	(2,200)	(2,200)	
Indirect Income/Expenditure	391,660	296,920	307,780	
<b>Net Total</b>	<b>447,460</b>	<b>340,280</b>	<b>363,580</b>	

<b><u>Analysis by Section/Function</u></b>	<b>2015/16 Original Estimate</b>	<b>2015/16 Revised Estimate</b>	<b>2016/17 Original Estimate</b>	<b>Notes</b>
	<b>£</b>	<b>£</b>	<b>£</b>	
<b>HRA - Managing Tenancies</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	127,000	127,000	127,000	
Direct Income	0	0	0	
Indirect Income/Expenditure	669,350	677,800	692,810	
<b>Net Total</b>	<b>796,350</b>	<b>804,800</b>	<b>819,810</b>	
<b>HRA - Rent Collection And Accounting</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	91,840	215,860	227,030	
Direct Income	(8,440)	(8,440)	(8,440)	
Indirect Income/Expenditure	263,970	114,380	112,540	This budget now reflects salary costs which are now charged directly to the HRA instead of the General Fund
<b>Net Total</b>	<b>347,370</b>	<b>321,800</b>	<b>331,130</b>	
<b>HRA - Right to Buy Administration</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Income	(3,900)	(3,900)	(3,900)	
Indirect Income/Expenditure	11,980	24,950	25,660	
<b>Net Total</b>	<b>8,080</b>	<b>21,050</b>	<b>21,760</b>	

<b><u>Analysis by Section/Function</u></b>	<b>2015/16 Original Estimate</b>	<b>2015/16 Revised Estimate</b>	<b>2016/17 Original Estimate</b>	<b>Notes</b>
	<b>£</b>	<b>£</b>	<b>£</b>	
<b>HRA - Unapportionable Central Overheads Contribution</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	0	0	0	
Indirect Income/Expenditure	275,720	275,720	275,720	
<b>Net Total</b>	<b>275,720</b>	<b>275,720</b>	<b>275,720</b>	
<b>HRA - Pumping Stations</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	3,700	3,700	3,700	
Direct Income	(4,290)	(4,290)	(4,290)	
Indirect Income/Expenditure	13,720	5,420	5,570	
<b>Net Total</b>	<b>13,130</b>	<b>4,830</b>	<b>4,980</b>	
<b>HRA - Sewerage Expenses</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	18,680	18,680	18,680	
Direct Income	(16,750)	(16,750)	(16,750)	
Indirect Income/Expenditure	28,090	7,800	7,950	
<b>Net Total</b>	<b>30,020</b>	<b>9,730</b>	<b>9,880</b>	

<u>Analysis by Section/Function</u>	2015/16 Original Estimate	2015/16 Revised Estimate	2016/17 Original Estimate	Notes
	£	£	£	
<b>HRA - Communal Central Heating</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	94,280	94,280	94,280	
Direct Income	(92,280)	(92,280)	(92,280)	
Indirect Income/Expenditure	0	90	90	
<b>Net Total</b>	<b>2,000</b>	<b>2,090</b>	<b>2,090</b>	
<b>HRA - Supporting People re SUs</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	24,090	24,090	16,090	
Direct Income	(155,650)	(155,650)	(92,650)	See main body of report for further details about supporting people income from ECC.
Indirect Income/Expenditure	241,640	241,640	241,640	
<b>Net Total</b>	<b>110,080</b>	<b>110,080</b>	<b>165,080</b>	
<b>HRA - Sheltered Units</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	323,530	300,970	323,630	
Direct Income	(200,180)	(200,180)	(200,180)	
Indirect Income/Expenditure	(107,660)	(72,660)	(73,210)	
<b>Net Total</b>	<b>15,690</b>	<b>28,130</b>	<b>50,240</b>	



<u>Analysis by Section/Function</u>	2015/16 Original Estimate	2015/16 Revised Estimate	2016/17 Original Estimate	Notes
	£	£	£	
<b>HRA - Colne Housing Soc Shel Units</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	8,000	8,000	8,000	
<b>Net Total</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>	
<b>HRA - Estate Sweeping</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	66,000	66,000	66,000	
<b>Net Total</b>	<b>66,000</b>	<b>66,000</b>	<b>66,000</b>	
<b>HRA - Communal Cleaning</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	66,000	66,000	66,000	
Direct Income	(52,000)	(52,000)	(52,520)	
<b>Net Total</b>	<b>14,000</b>	<b>14,000</b>	<b>13,480</b>	
<b>HRA - Communal Electricity</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	100,000	100,000	100,000	
Direct Income	(80,000)	(80,000)	(80,000)	
Indirect Income/Expenditure	0	6,230	6,510	
<b>Net Total</b>	<b>20,000</b>	<b>26,230</b>	<b>26,510</b>	

<b><u>Analysis by Section/Function</u></b>	<b>2015/16 Original Estimate</b>	<b>2015/16 Revised Estimate</b>	<b>2016/17 Original Estimate</b>	<b>Notes</b>
	<b>£</b>	<b>£</b>	<b>£</b>	
<b>HRA - Estate Lighting</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	5,100	5,100	5,100	
<b>Net Total</b>	<b>5,100</b>	<b>5,100</b>	<b>5,100</b>	
<b>HRA - Maintenance Of Grounds</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	25,510	25,510	25,510	
Direct Income	(90,000)	(90,000)	(90,000)	
Indirect Income/Expenditure	149,590	172,520	166,880	
<b>Net Total</b>	<b>85,100</b>	<b>108,030</b>	<b>102,390</b>	
<b>HRA - Repair &amp; Maintenance</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	3,177,500	3,177,500	3,177,500	
Direct Income	0	0	0	
Indirect Income/Expenditure	300,630	438,340	506,680	
<b>Net Total</b>	<b>3,478,130</b>	<b>3,615,840</b>	<b>3,684,180</b>	
<b>HRA - Tenants Rentals</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Income	(13,790,400)	(13,790,400)	(13,646,580)	Please see main body of report for further details concerning the 1% rent reduction in 2016/17
<b>Net Total</b>	<b>(13,790,400)</b>	<b>(13,790,400)</b>	<b>(13,646,580)</b>	

<u>Analysis by Section/Function</u>	2015/16 Original Estimate	2015/16 Revised Estimate	2016/17 Original Estimate	Notes
	£	£	£	
<b>HRA - Rents &amp; Other Charges</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	75,670	92,670	92,670	
<b>Net Total</b>	<b>75,670</b>	<b>92,670</b>	<b>92,670</b>	
<b>HRA - Rent Income</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	0	0	0	
Direct Income	(16,570)	(16,570)	(16,570)	
Indirect Income/Expenditure	0	20	20	
<b>Net Total</b>	<b>(16,570)</b>	<b>(16,550)</b>	<b>(16,550)</b>	
<b>HRA - Lease Holders Charges</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Income	(84,000)	(84,000)	(84,000)	
Indirect Income/Expenditure	0	16,450	17,190	
<b>Net Total</b>	<b>(84,000)</b>	<b>(67,550)</b>	<b>(66,810)</b>	
<b>HRA - General Fund Contribution</b>				
<i>Portfolio/ Committee: Housing</i>				
Indirect Income/Expenditure	(28,710)	(28,710)	(28,710)	
<b>Net Total</b>	<b>(28,710)</b>	<b>(28,710)</b>	<b>(28,710)</b>	

<u>Analysis by Section/Function</u>	2015/16 Original Estimate	2015/16 Revised Estimate	2016/17 Original Estimate	Notes
	£	£	£	
<b>HRA - Interest Receivable</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Income	(61,600)	(61,600)	(61,600)	
<b>Net Total</b>	<b>(61,600)</b>	<b>(61,600)</b>	<b>(61,600)</b>	
<b>HRA - Rent Arrears Provision</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	50,000	50,000	94,970	
<b>Net Total</b>	<b>50,000</b>	<b>50,000</b>	<b>94,970</b>	
<b>HRA - Interest Charges</b>				
<i>Portfolio/ Committee: Housing</i>				
Direct Expenditure	0	1,574,850	1,533,470	This budget was previously included in the budget line immediately below, which has now pulled out separately for accounting purposes.
<b>Net Total</b>	<b>0</b>	<b>1,574,850</b>	<b>1,533,470</b>	
<b>HRA - Capital Charges</b>				
<i>Portfolio/ Committee: Housing</i>				
Indirect Income/Expenditure	4,204,600	2,629,750	2,629,750	Please see comment immediately above
<b>Net Total</b>	<b>4,204,600</b>	<b>2,629,750</b>	<b>2,629,750</b>	

<b><u>Analysis by Section/Function</u></b>	<b>2015/16 Original Estimate</b>	<b>2015/16 Revised Estimate</b>	<b>2016/17 Original Estimate</b>	<b>Notes</b>
	<b>£</b>	<b>£</b>	<b>£</b>	
<b>HRA - Use of Balances</b>				
<i>Portfolio/ Committee: Housing</i>				
Indirect Income/Expenditure	0	0	0	
Contributions to/(from) reserves	0	(1,279,750)	0	£1,279,750 included in the 2015/16 Revised Budget relates to amounts carried forward from 2014/15 Cabinet 12 June 2015
<b>Net Total</b>	<b>0</b>	<b>(1,279,750)</b>	<b>0</b>	
<b>Total for Commercial Management</b>	<b>(3,928,780)</b>	<b>(5,135,580)</b>	<b>(3,519,460)</b>	
<b>Total for HRA</b>	<b>0</b>	<b>0</b>	<b>0</b>	

## Housing Revenue Account Fees and Charges

	Date last revised	← (A) 2015/16 →	← (B) 2015/16 →	← (C) 2016/17 →	← (D) 2016/17 →	VAT Ind
		Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%	Charge Exclusive of VAT	Charge Inclusive of VAT where applicable @ 20%	
Effective from		01/04/2015 £	01/04/2015 £	01/04/2016 £	01/04/2016 £	
<b><u>GARAGE RENTS AND ACCOMMODATION CHARGES</u></b>						
Guest room accommodation at sheltered units per night:						
With en-suite facilities (St Marys Court, Groom House, Greenfields, Ironside Walk, Belmans Court)	Apr-15	13.33	16.00	14.17	17.00	V
Without en-suite facilities (Vyntoner House, Kate Daniels House, Mead House, Spendells House, Crooked Elms, Honeycroft)	Apr-15	10.42	12.50	10.83	13.00	V
Garage rents HRA (not subject to VAT unless separately let to non-council tenants)	Apr-15	8.20	8.20	8.50	8.50	*
<b><u>QUESTIONNAIRES</u></b>						
Second mortgage enquiries (per enquiry)	Apr-13	75.00	90.00	80.00	96.00	V
Solicitors enquiries on resale of council flats	Apr-15	75.00	90.00	80.00	96.00	V
<b><u>SERVICE CHARGES (per week)</u></b>						
<b>Sewerage charges (not subject to VAT):</b>						
Treatment Works:						
Goose Green, Tendring	Apr-15	7.36	7.36	7.58	7.58	Z
Coronation Villas, Beaumont	Apr-15	7.31	7.31	7.53	7.53	Z
Whitehall Lane, Thorpe	Apr-15	4.94	4.94	5.09	5.09	Z
Shop Road, Little Bromley	Apr-15	8.54	8.54	8.80	8.80	Z
Horsley Cross, Mistley	Apr-08	9.00	9.00	9.00	9.00	Z
<b>Bio Systems</b>	Apr-13	7.10	7.10	7.10	7.10	Z
<b>Septic Tanks</b>	Apr-15	2.62	2.62	2.70	2.70	Z
<b>Pumping Stations (not subject to VAT)</b>	Apr-15	4.78	4.78	4.92	4.92	Z
Sewerage charge cap where tenant in receipt of benefit	Apr-08	5.00	5.00	5.00	5.00	Z
<b>Communal central heating charges (not subject to VAT):</b>						
Heating and hot water:						
Single units	Apr-15	7.25	7.25	7.25	7.25	N
Double units	Apr-15	8.50	8.50	8.50	8.50	N
Hot water only (St Marys Court)	Apr-15	4.05	4.05	4.05	4.05	N
Belmans Court	Apr-15	2.25	2.25	2.25	2.25	N

	Date last revised	2015/16		2016/17		VAT Ind
		(A) Charge Exclusive of VAT	(B) Charge Inclusive of VAT where applicable @ 20%	(C) Charge Exclusive of VAT	(D) Charge Inclusive of VAT where applicable @ 20%	
Effective from		01/04/2015 £	01/04/2015 £	01/04/2016 £	01/04/2016 £	
<b>Other Service Charges (not subject to VAT):</b>						
Sheltered Housing:						
Grounds Maintenance	Apr-15	1.21	1.21	1.21	1.21	X
Communal Electricity	Apr-15	2.02	2.02	2.06	2.06	N
Non Sheltered Housing						
Grounds Maintenance	Apr-15	0.89	0.89	0.89	0.89	N
Communal Electricity	Apr-15	0.87	0.87	0.87	0.87	N
<b>Communal Cleaning (not subject to VAT):</b>						
Langham Drive, Clacton	Apr-15	3.29	3.29	3.37	3.37	N
Nayland Drive, Clacton	Apr-15	3.25	3.25	3.33	3.33	N
Boxted Ave (3 Storey) , Clacton	Apr-15	3.25	3.25	3.32	3.32	N
Boxted Ave (2 Storey ) , Clacton	Apr-15	3.23	3.23	3.30	3.30	N
Polstead Way, Clacton	Apr-15	3.23	3.23	3.30	3.30	N
Porter Way, Clacton	Apr-15	3.25	3.25	3.32	3.32	N
Tanner Close, Clacton	Apr-15	3.25	3.25	3.33	3.33	N
Mason Road, Clacton	Apr-15	3.19	3.19	3.27	3.27	N
Groom Park, Clacton	Apr-15	2.05	2.05	2.05	2.05	N
Leas Road , Clacton	Apr-15	2.05	2.05	2.05	2.05	N
Rivers House, Walton	Apr-15	2.23	2.23	2.23	2.23	N
Rochford House, Walton	Apr-15	2.23	2.23	2.23	2.23	N
D'arcy House , Walton	Apr-15	2.23	2.23	2.23	2.23	N
Churchill Court, Dovercourt	Apr-15	2.63	2.63	2.63	2.63	N
Cliff Court, Dovercourt	Apr-15	2.05	2.05	2.05	2.05	N
Grove Avenue Walton	Apr-15	1.06	1.06	1.06	1.06	N
<b><u>SHELTERED UNITS SERVICE CHARGES (Not subject to VAT):</u></b>						
Supporting People Costs	Apr-14	8.34	8.34	6.34	6.34	X
Landlord Costs	Apr-15	13.60	13.60	13.60	13.60	X
Careline Alarm	Apr-08	2.94	2.94	0.94	0.94	X
Sheltered Units charges are subject to Essex County Council budget setting process						

**APPENDIX C**

**HRA Capital Programme**

	<b>Original 2015/16 Budget £000</b>	<b>Revised 2015/16 Budget £000</b>	<b>2016/17 Budget £000</b>	<b>2017/18 Budget £000</b>	<b>2018/19 Budget £000</b>	<b>2019/20 Budget £000</b>
<b><i>EXPENDITURE</i></b>						
Improvements, enhancement & adaptation of the Council's housing stock	2,782,420	3,209,420	2,770,000	2,764,000	2,758,000	2,752,000
Disabled adaptations for Council tenants	400,000	400,000	400,000	400,000	400,000	400,000
Information Technology upgrade and replacement	20,000	77,000	20,000	20,000	20,000	20,000
New Build Initiatives and Acquisitions	1,162,490	2,529,120	780,250	1,000,000	1,000,000	1,000,000
Cash Incentive Scheme	60,000	60,000	60,000	60,000	60,000	60,000
	<b>4,424,910</b>	<b>6,275,540</b>	<b>4,030,250</b>	<b>4,244,000</b>	<b>4,238,000</b>	<b>4,232,000</b>
<b><i>FINANCING</i></b>						
Capital Grants	0	200,000	0	0	0	0
Major Repairs Reserve	3,255,130	3,682,130	3,250,000	3,244,000	3,238,000	3,232,000
Direct Revenue Financing of Capital	1,169,780	2,393,410	780,250	1,000,000	1,000,000	1,000,000
	<b>4,424,910</b>	<b>6,275,540</b>	<b>4,030,250</b>	<b>4,244,000</b>	<b>4,238,000</b>	<b>4,232,000</b>



## HRA RESERVES

## APPENDIX D

	<b>Balance 31 March 2015</b>	<b>Contribution from Reserves 2015/16</b>	<b>Contribution to Reserves 2015/16</b>	<b>Est. Balance 31 March 2016</b>	<b>Contribution from Reserves 2016/17</b>	<b>Contribution to Reserves 2016/17</b>	<b>Est. Balance 31 March 2017</b>
	£	£	£	£	£	£	£
<b>HRA Reserves</b>							
HRA Balance	6,153,307	(1,279,750)	0	4,873,557	0	0	4,873,557
Housing Repairs Reserve	1,422,370	(3,615,840)	3,615,840	1,422,370	(3,684,180)	3,684,180	1,422,370
Major Repairs Reserve	3,200,560	(3,682,130)	3,255,130	2,773,560	(3,250,000)	3,250,000	2,773,560
<b>Total Reserves</b>	<b>10,776,237</b>	<b>(8,577,720)</b>	<b>6,870,970</b>	<b>9,069,487</b>	<b>(6,934,180)</b>	<b>6,934,180</b>	<b>9,069,487</b>