

HOUSING REVENUE ACCOUNT 2004/05 ESTIMATES

Page	Description	2002/03	2003/04		2004/05
		Actuals	Estimate	Probable	Estimate
	<u>HRA SUMMARY</u>	£	£		£
	SUPERVISION & MANAGEMENT				
HRA2	- General	38,370,439	26,156,570	26,769,990	27,414,610
HRA4-8	- Special	1,153,805	1,420,830	1,398,210	1,559,940
HRA9	REPAIRS & MAINTENANCE	5,196,461	5,355,550	5,294,990	5,259,780
	<u>TOTAL EXPENDITURE</u>	44,720,705	32,932,950	33,463,190	34,234,330
HRA3	<u>TOTAL INCOME</u>	12,896,670	12,744,100	13,007,310	15,631,430
	<u>NET COST OF SERVICE</u>	31,824,035	20,188,850	20,455,880	18,602,900
	Total Below the Line Adjustments	(32,739,159)	(19,263,860)	(18,368,810)	(18,602,900)
	<u>NET (SURPLUS)/DEFICIT FOR YEAR</u>	(915,124)	924,990	2,087,070	(0)
	BALANCE B/FWD	(1,471,950)	(1,224,990)	(2,387,070)	(300,000)
	USE OF/(CONTRIBUTION TO) BALANCES	(915,124)	924,990	2,087,070	(0)
	BALANCE C/FWD	(2,387,074)	(300,000)	(300,000)	(300,000)

HOUSING REVENUE ACCOUNT (HRA)

Summary of Major Budget Issues

The HRA Budget is presented here. Members are reminded that there is a legal requirement to set a Housing Revenue Account Budget in balance and it is proposed that a prudent minimum balance of approximately £300,000 be maintained.

The Estimates take account of the 2004/05 HRA Subsidy Determinations, which significantly improve the position of the HRA.

The format of the Budget has been amended to reflect the requirement of the introduction of Resource Accounting within the HRA. These changes have no net impact upon the bottom line of the Accounts.

Rent Restructuring

2004/05 is the third year of Rent Restructuring under the Government's policy to narrow the gap between the rents of Local Authorities and Registered Social Landlords (RSL). Over the 10-year period of Rent Restructuring SBC's Actual Average Rents are intended to increase to the level of equivalent RSL Rents. It is proposed that the Council will continue to apply Rent Restructuring and adopt the Governments proposed Caps and Limits in individual Rent Increases. The Government has indicated that as Rent Restructuring takes place the Actual, Limit and Guideline Rents will converge to the same figure within the HRA Subsidy System. This means that any increase in Actual Rent is withdrawn through the subsidy system and because of the catch up that is required to bring the Guideline Rent up to the current Actual Rent level even more subsidy is being withdrawn from Stevenage.

Inflation

The draft budget estimates generally include the following elements :-

The Base Budget estimates i.e. the cost of maintaining the existing level of Service, together with the Restructure of the Housing Division and the implementation of the Council's Changing Gear Policy.

Inflation on the following basis:-

	<u>2003/04</u>		<u>2004/05</u>
	<u>Estimate</u>	<u>Probable</u>	<u>Estimate</u>
	%	%	%
Payroll	3.5	3.5%	2.5%
General	0.0	0.0	0.0
Specific Items	-----	as appropriate	-----
Rent average	3.14	3.14	3.96

(plus individual Restructuring Adjustments)

HOUSING REVENUE ACCOUNT 2004/05 ESTIMATES

Account Code	Description	2002/03	2003/04		2004/05
		Actuals	Estimate	Probable	Estimate
	<u>EXPENDITURE SUMMARY</u>	£	£	£	£
	<u>SUPERVISION & MANAGEMENT</u> (Cost Centres HA11,HA21 & HA31)				
	<u>Premises Related Expenses</u>				
2600	Rents, Rates & Water Services	30,322	30,610	29,030	30,170
2700	Fixtures & Fittings	2,422	3,730	970	0
2850	Premises Insurance	213,690	292,760	294,290	294,290
	<u>Supplies & Services</u>				
3500	Vehicles	0	500	500	500
4300	Printing, Stationery & General	97,937	100,460	103,040	108,520
4400	Postage & Telephones	22,914	27,380	19,040	7,500
4600	Grants & Subscriptions	15,111	9,900	9,140	8,700
4700	Miscellaneous Expenses	53,127	19,240	122,010	137,240
4911	Increase in Provision for Bad Debts	316,000	0	294,000	200,000
	<u>Agency & Contracted Services</u>				
5100	Contract Services	6,037	4,650	4,650	4,840
5600	Agency Fees & Surveys	103,080	97,600	186,020	168,920
	<u>Central & Departmental Charges</u>				
7100	Central & Departmental Charges	3,657,739	3,963,880	4,144,240	4,221,000
	<u>Capital Financing Costs</u>				
8100	Debt Charge Provision	0	0	0	25,000
8500	Leasing Charges	10,458	8,460	5,670	13,340
8700	Cash Management Expenses	98,840	100,820	100,820	102,840
8900	Capital Charges - Notional Interest	27,566,950	16,100,000	16,100,000	16,100,000
8901	Capital Charges - Depreciation	6,175,810	5,396,580	5,396,580	6,018,350
	HRA Proportion of Net General Fund Savings / Pressures Proposals			(40,010)	(26,600)
	Total Expenditure	38,370,439	26,156,570	26,769,990	27,414,610

HOUSING REVENUE ACCOUNT**Supervision & Management - Expenditure**

<u>Account Code</u>	<u>Reason for Variation</u>
4400	The 2003/04 Probable and 2004/05 Estimates reflect savings in telephone rental costs from the closing of the Housing Neighbourhood Offices.
4700	The increases in the 2003/04 Probable and 2004/05 Estimates reflect the new transaction charges from the Post Office in respect of the processing of cash transactions following the closure of the Housing Neighbourhood Offices and the central Cash Offices. Offsetting savings are reflected within the Central & Departmental Charges.
4911	The 2003/04 Probable and 2004/05 Estimates reflect the change to the correct Accounting Treatment for HRA Bad Debts, introduced in the 2002/03 Actual Accounts. In the preparation of the 2003/04 Original Estimates Provisions for Bad Debts were netted off against Rental Income.
5600	The increases in the 2003/04 Probable and 2004/05 Estimate reflect the provision of funding to undertake the Housing Options Appraisal as required by the Government. Supplementary estimates of £75,000 have been included in 2003/04 and 2004/05 as approved at Executive in October 2003. District Audit charges have increased slightly in the 2003/04 Probable but have been reduced in the 2004/05 Estimate.
7100	The 2003/04 Probable and 2004/05 Estimate reflect the ongoing Restructuring of the Housing Division and the impact on Housing of the Council's Changing Gear Policy.
8100	A provision has been made of £25,000 in respect of potential revenue funding to Support Capital Spending as reflected in the Final Subsidy Determinations. Further details can be found in Appendix C.
8500	The 2004/05 Estimate includes the leasing charges in respect of the HRA Leasing Forward Plan, as detailed in Appendix B.
8900	The significant reduction in Notional Capital Interest charges in 2003/04 reflects the reduction in the notional rate from 6% to 3.5% as directed in Local Authority Accounting guidance. The notional interest figure is reversed out of the Accounts in the below the line adjustments and as such has no net effect on the bottom line.
8901	The Depreciation Charge generally reflects the use of the Major Repairs Allowance grant to fund Major Capital Works.
	General Fund Savings Proposals / Pressures - The savings in the 2003/04 Probable and 2004/05 Estimate reflect the net proportion of General Fund corporate savings and pressure proposals that will have an impact on the HRA.

HOUSING REVENUE ACCOUNT 2004/05 ESTIMATES

Account Code	Description	2002/03 Actuals	2003/04		2004/05 Estimate
			Estimate	Probable	
	INCOME SUMMARY (Cost Centre HC11)	£	£	£	£
	<u>Rent Income</u>				
9781	Gross Rental Income	27,040,937	26,338,610	26,599,930	26,988,000
6100	Less: Housing Benefit Granted	(12,933,696)	(13,100,000)	(13,100,000)	0
		14,107,240	13,238,610	13,499,930	26,988,000
9783	Other Rental Income	81,711	89,130	78,110	94,770
		14,188,951	13,327,740	13,578,040	27,082,770
	<u>Government Grants</u>				
9131	Defects Act	73,935	73,940	73,940	73,940
	<u>Transfer s80(2) Local Government and Housing Act 1989</u>				
9174	Transitional Negative Subsidy	(2,937,211)	(2,570,060)	(2,570,060)	(2,202,910)
9111	Housing Benefits Reimbursement	13,065,282	13,275,000	13,187,910	0
9173	Housing Subsidy Withdrawal	(17,227,125)	(17,479,100)	(17,479,100)	(16,207,420)
9176	Major Repairs Allowance Subsidy	5,502,881	5,396,580	5,396,580	6,018,350
		1,341,038	1,192,480	1,105,390	(10,189,070)
	<u>Supporting People Grant</u>		500,000	600,000	612,500
	<u>Other Income</u>				
9767	Commission on Water Rates	100,802	100,000	100,000	184,200
9928	Ringfencing Adjustment - North Road Homeless Hostel	70,789	70,000	70,000	70,000
9291	Ringfencing Adjustment - War Widows Benefits	58,366	50,000	50,000	0
		229,957	220,000	220,000	254,200
	Total Income	12,896,670	12,744,100	13,007,310	15,631,430

HOUSING REVENUE ACCOUNT**Supervision & Management - Income**

<u>Account Code</u>	<u>Reason for Variation</u>
9781	The Budgets reflect assumptions for the likely level of property sales under Right-to-Buy legislation leading to a loss of rental income. The 2004/05 Estimate assumes that the Average Rent is set at the level of the HRA Subsidy Limitation Rent figure. 2002/03 was a 53 week rent year.
6100/9111	From 2004/05, under changes in Government legislation, the payment and reimbursement of Housing Benefit Rent Rebates are to be accounted for in the General Fund. Further details regarding these significant changes are contained in the covering report and in Appendix C.
9173/4/6	In 2001/02 the Government introduced new accounting arrangements for the HRA. Resource Accounting in the HRA introduced a new Major Repairs Allowance (MRA) payable through the subsidy system. The introduction of the MRA took SBC out of Negative Subsidy and the Council is utilising Transitional Measures to assist in offsetting some of the adverse effects of the changes in the system. The HRA is being adversely affected by the Subsidy implications of Rent Restructuring, the impact of which will be to generally increase the level of Subsidy withdrawn from the HRA by the Government. The significant reduction in the Subsidy Withdrawal in 2004/05 reflects changes to the method of allocating Management & Maintenance Allowances within the system. The Major Repairs Allowance has been increased in 2004/05. The MRA is intended to provide for the ongoing replacement of major building components on timescales in-line with industry standards.
	<u>Supporting People Grant</u> – The 2003/04 original estimate anticipates the receipt of a “Windfall” of some £500k as a result of the new funding arrangements for Supporting People. In the 2003/04 Probable and 2004/05 Estimate the level of this windfall is anticipated to be of the order of £600k. The original £500k of the windfall is being applied to the Decent Homes Programme and it is proposed that the addition £100k will be utilised to meet costs associated with the implementation of the restructuring of the Housing Division.
9767	SBC collects Water Rates from HRA Tenants on behalf of the Water Company. The 2004/05 Estimate reflects a negotiated increase in the Commission payable by the Water Company.
9928/9291	The Ringfence adjustments, which are being met from the General Fund, relate to North Road Homeless Hostel and the cost of discretionary benefit payments to War Widows. With the transfer of Rent Rebates to the General Fund in 2004/05 the adjustment between the funds in respect of War Widows benefits will cease.

HOUSING REVENUE ACCOUNT 2004/05 ESTIMATES

Account Code	Description	2002/03	2003/04		2004/05
		Actuals	Estimate	Probable	Estimate
	SPECIAL SUPERVISION AND MANAGEMENT HOLDING ACCOUNT	£	£	£	£
	GROUNDS MAINTENANCE TREES & OAP GARDENS (Cost Centre HD11)				
	<u>Expenditure</u>				
	<u>Premises Related Expenses</u>				
2400	Grounds - Tree Maintenance & OAP Gardens	813	20,000	20,000	26,000
	Total Expenditure	813	20,000	20,000	26,000

HOUSING REVENUE ACCOUNT**Special Supervision & Management****OAP Gardens and Trees****Account Code****Reason for Variation**

2400

The Gardening Service was withdrawn in 2001/02 but a small amount of essential tree maintenance work has had to be undertaken and £20,000 was added to the 2003/04 Original Estimate for essential work to remove trees that are causing structural damage. The 2004/05 Estimates includes an additional £6,000 to assist elderly persons with difficult garden maintenance issues in exceptional circumstances.

HOUSING REVENUE ACCOUNT 2004/05 ESTIMATES

Account Code	Description	2002/03	2003/04		2004/05
		Actuals	Estimate	Probable	Estimate
		£	£	£	£
	SPECIAL SUPERVISION AND MANAGEMENT HOLDING ACCOUNT				
	SHELTERED SCHEMES (Cost Centres HGB)				
	<u>Expenditure</u>				
	<u>Employee Related Expenses</u>				
1100	Salaries	453,959	521,750	529,090	553,590
1150	Wages	92,547	115,700	115,700	121,350
1950	Indirect Employee Expenses	1,195	11,070	11,070	11,070
	<u>Premises Related Expenses</u>				
2300	Fixed Plant	28,570	68,100	69,700	77,000
2400	Grounds	41,017	46,570	46,570	48,300
2500	Energy Costs	119,957	139,880	134,130	152,150
2600	Rent, Rates and Water Services	13,685	6,470	5,090	5,490
2750	Cleaning & Domestic Supply	8,848	19,580	19,830	20,830
2850	Premises Insurance	5,240	5,700	6,370	6,370
	<u>Transport Related Expenses</u>				
3600	Travelling Expenses	15,747	17,160	17,260	17,140
	<u>Supplies & Services</u>				
4100	Equipment, Tools & Furniture	3,267	9,390	9,260	9,260
4250	Clothing, Uniforms & Laundry	252	240	240	240
4300	Printing, Stationery & Gen Exp	3,111	4,080	4,080	4,080
4400	Postage & Telephones	19,165	19,360	19,340	19,390
4700	Miscellaneous Expenses	5,849	8,570	8,570	8,570
	<u>Agency & Contracted Services</u>				
5500	Other Local Authorities	40,234	42,410	42,410	43,470
	<u>Capital Financing Costs</u>				
8500	Leasing Charges	315	7,880	5,610	10,890
	Total Expenditure	852,958	1,043,910	1,044,320	1,109,190
	<u>Income</u>				
9400	Fees & Charges	38,443	40,710	47,080	47,080
9760	Other Recoverable Charges	63,605	61,150	61,130	61,130
	Total Income	102,048	101,860	108,210	108,210
	Net Cost of Service	750,910	942,050	936,110	1,000,980

HOUSING REVENUE ACCOUNT**Special Supervision & Management****Sheltered Schemes**

<u>Account Code</u>	<u>Reason for Variation</u>
	Increases in the 2003/04 Original Estimates over the actual level of spending in 2002/03 across a number of Budget headings reflect the following 2003/04 Forward Plan Items :-
1950	The 2003/04 Original Estimate included an Item of £5,000 for Health & Safety annual risk assessments.
2750	The 2003/04 Original Estimate included an Item of £5,000 for general caretaking in communal areas.
4100	The 2003/04 Original Estimate included an item of £2,000 for servicing of equipment.
4700	The 2003/04 Original Estimate included Items of £2,000 for consultation and promotions in respect of Community Alarms and £1,000 for CSHS accreditation fees.
2500	The 2004/05 Estimate reflects a significant increase in the provision for inflation anticipated on Gas and Electricity Utility Bills.
5500	The estimates reflect the recharges from the North Hertfordshire District Council control centre in respect of the Alarm Service.

HOUSING REVENUE ACCOUNT 2004/05 ESTIMATES

Account Code	Description	2002/03	2003/04		2004/05
		Actuals	Estimate	Probable	Estimate
	SPECIAL SUPERVISION AND MANAGEMENT HOLDING ACCOUNT	£	£	£	£
	FLATS (Cost Centres HJB)				
	<u>Expenditure</u>				
	<u>Employee Related Expenses</u>				
1150	Wages	8,730	4,200	3,910	4,400
	<u>Premises Related Expenses</u>				
2200	Buildings	4,221	4,680	500	2,100
2300	Fixed Plant	38,882	36,840	23,050	33,500
2400	Grounds	150,665	158,930	158,930	164,830
2500	Energy Costs	184,413	192,750	192,790	221,500
2600	Rent, Rates and Water Services	412	370	370	370
2750	Cleaning & Domestic Supply	33,470	50,710	23,080	26,080
2850	Premises Insurance	86,261	99,900	105,070	113,600
	<u>Supplies & Services</u>				
4100	Equipment, Tools & Furniture	3,832	9,450	10,050	17,050
4400	Postage & Telephones	7,461	5,110	5,140	5,140
	<u>Central & Departmental Charges</u>				
7100	Central & Departmental Charges	263,358	288,180	288,200	300,590
	<u>Capital Financing Costs</u>				
8500	Leasing Charges	0	0	620	1,240
	Total Expenditure	781,705	851,120	811,710	890,400
	<u>Income</u>				
9400	Fees & Charges	42,055	41,130	15,930	16,480
9760	Other Recoverable Charges	446,530	486,320	478,290	511,600
	Total Income	488,586	527,450	494,220	528,080
	Net Cost of Service	293,120	323,670	317,490	362,320

HOUSING REVENUE ACCOUNT**Special Supervision & Management****Flats**

<u>Account Code</u>	<u>Reason for Variation</u>
2500	The 2004/05 Estimate reflects a significant increase in the provision for inflation anticipated on Gas and Electricity Utility Bills.
2850	This Budget reflects the cost of subsidence insurance arrangements for Leaseholders. This cost is fully recharged to leaseholders at 9760 below.
9760	This budget reflects the income from tenants and leaseholders of flats and the arrangements to provide subsidence insurance cover for leaseholders. Service Charges to tenants are for the provision of caretaking and cleaning, window cleaning and grounds maintenance services.

HOUSING REVENUE ACCOUNT 2004/05 ESTIMATES

Account Code	Description	2002/03	2003/04		2004/05
		Actuals	Estimate	Probable	Estimate
	SPECIAL SUPERVISION AND MANAGEMENT HOLDING ACCOUNT	£	£	£	£
	HOMELESS ACCOMMODATION (Cost Centres HLB)				
	<u>Expenditure</u>				
	<u>Employee Related Expenses</u>				
1100	Salaries	123,450	154,710	159,750	155,780
1150	Wages	18,578	19,600	19,450	19,850
1950	Indirect Employee Expenses	281	280	580	280
	<u>Premises Related Expenses</u>				
2200	Premises Related Charges	0	200	0	49,000
2400	Grounds	9,759	2,230	2,230	2,310
2500	Energy Costs	11,760	16,540	16,540	18,700
2600	Rent, Rates and Water Services	11,583	4,760	5,080	5,080
2750	Cleaning & Domestic Supply	1,787	1,690	1,980	1,980
2850	Premises Insurance	3,110	3,420	3,790	3,790
	<u>Supplies & Services</u>				
4100	Equipment, Tools & Furniture	11,562	20,660	12,790	12,790
4250	Clothing, Uniforms & Laundry	1,352	1,600	1,200	1,200
4300	Printing, Stationery & Gen Exp	224	210	220	220
4400	Postage & Telephones	5,448	3,110	3,270	3,360
4700	Miscellaneous	1,300	1,040	1,360	1,420
	<u>Capital Financing Costs</u>				
8500	Leasing Charges	0	1,100	550	1,100
	Total Expenditure	200,194	231,150	228,790	276,860
	<u>Income</u>				
9760	Other Recoverable Charges	91,232	96,040	104,180	106,220
	Net Cost of Service	108,962	135,110	124,610	170,640

HOUSING REVENUE ACCOUNT**Special Supervision & Management****Homeless Accommodation**

<u>Account Code</u>	<u>Reason for Variation</u>
<u>General</u>	Provision is included here for the running costs of homeless accommodation, including 12 North Road, Wellfield Court, Longmeadow Green and the remaining second stage hostels.
2200	The 2004/05 Estimate reflects the transfer of certain Repairs and Maintenance Budgets in respect of Homeless Accommodation from the Central Repairs budgets.
2500	The 2004/05 Estimate reflects a significant increase in the provision for inflation anticipated on Gas and Electricity Utility Bills.

HOUSING REVENUE ACCOUNT 2004/05 ESTIMATES

Account Code	Description	2002/03 Actuals	2003/04		2004/05 Estimate
			Estimate	Probable	
	SPECIAL SUPERVISION AND MANAGEMENT HOLDING ACCOUNT	£	£	£	£
	T.V. RELAY SYSTEM (Cost Centre HN11)				
	<u>Expenditure</u>				
	<u>Agency & Contracted Services</u>				
5600	Private Contractors	322,884	327,790	314,180	306,460
	Total Expenditure	322,884	327,790	314,180	306,460
	<u>Income</u>				
9000	Income	322,884	327,790	314,180	306,460
	Net Cost of Service	0	0	0	0
	Total Special Supervision and Management	1,153,805	1,420,830	1,398,210	1,559,940

HOUSING REVENUE ACCOUNT**Special Supervision & Management****TV Relay System**

<u>Account Code</u>	<u>Reason for Variation</u>
5600	The payment to NTL is reflected here. The level of the payment in respect of Tenants has been reduced to reflect reductions in property numbers resulting from Right to Buy sales.
9000	The recovery of Service Charges from tenants and Leaseholders for the provision of NTL TV services is reflected here.

HOUSING REVENUE ACCOUNT 2004/05 ESTIMATES

Account Code	Description	2002/03 Actuals	2003/04		2004/05 Estimate
			Estimate	Probable	
	REPAIRS & MAINTENANCE HOLDING ACCOUNT (Cost Centre H18A)	£	£	£	£
	<u>Agency & Contracted Services</u>				
HPA-R	Responsive Repairs	4,033,080	3,863,110	3,752,420	3,768,300
HPP	Planned Maintenance	491	279,600	328,000	225,000
	Total Repairs & Maintenance Works	4,033,571	4,142,710	4,080,420	3,993,300
	<u>Supplies & Services</u>				
4300	Printing, Stationery & Gen Exp	1,185	4,770	6,500	6,690
	<u>Central & Departmental Charges</u>				
7100	Central & Departmental Charges	1,161,706	1,208,070	1,208,070	1,259,790
	Net Expenditure	5,196,461	5,355,550	5,294,990	5,259,780

HOUSING REVENUE ACCOUNT

Repairs & Maintenance

General Repairs

The budgets generally reflect inflationary increases for the 2004/05 Estimate and reductions to reflect the loss of properties through Right-to-Buy sales.

HOUSING REVENUE ACCOUNT 2004/05 ESTIMATES

Account Code	Description	2002/03	2003/04		2004/05
		Actuals	Estimate	Probable	Estimate
		£	£	£	£
	ADJUSTMENTS TO NET OPERATING EXPENDITURE (Cost Centre HW11)				
9945	Adjusting Transfer from AMRA	(27,566,950)	(16,100,000)	(16,100,000)	(16,100,000)
	HRA INVESTMENT INCOME				
9814	Interest - Capital Receipts	(1,383,646)	(1,287,100)	(1,072,000)	(1,320,000)
9831	Interest - Mortgages	(48,422)	(46,700)	(43,750)	(39,490)
9851	Interest - Revenue Balances	(75,000)	(100,000)	(100,000)	(100,000)
		(1,507,068)	(1,433,800)	(1,215,750)	(1,459,490)
	Total Income	(29,074,018)	(17,533,800)	(17,315,750)	(17,559,490)
	APPROPRIATIONS (Cost Centre HX11)				
	<u>Expenditure</u>				
8611	RCCO - General	0	360,000	1,037,000	647,000
8611	RCCO - Supporting People funding to Decent Homes	0	500,000	500,000	512,500
	Total Expenditure	0	860,000	1,537,000	1,159,500
	<u>Income</u>				
9942	Interim Measures	(55,000)	(20,000)	(20,000)	0
9943	Transitional Negative Subsidy	(2,937,211)	(2,570,060)	(2,570,060)	(2,202,910)
9944	Depreciation Adjustment where above MRA	(672,930)	0	0	0
	Total Income	(3,665,141)	(2,590,060)	(2,590,060)	(2,202,910)
	Net Appropriations	(3,665,141)	(1,730,060)	(1,053,060)	(1,043,410)
	Total Below the Line Adjustments	(32,739,159)	(19,263,860)	(18,368,810)	(18,602,900)

HOUSING REVENUE ACCOUNT**Adjustments to Net Operating Expenditure**

- 9945 The below the line adjustment to reverse out Notional Interest is reflected here. The significant reduction in Notional Capital Interest charges in 2003/04 reflects the reduction in the notional rate from 6% to 3.5% as directed in Local Authority Accounting guidance. The notional interest figure has no net effect on the bottom line of the HRA.
- 9814/31/51 These Budgets reflect Interest received by the HRA in respect of accumulated Capital Receipts; Mortgages granted in respect of Right to Buy property sales and on Revenue Balances. The HRA is exposed to fluctuations in interest rates during the year. The Estimates for Interest on Capital Receipts show that the HRA has suffered a significant loss of interest in the 2003/04 Probable Budget because of reductions in interest rates earlier in the year. With the recent increase in interest rates the position is estimated to recover in 2004/05. The figure for Interest on Mortgages varies with mortgage redemptions as well as variations in interest rates.

Appropriations

- 8611 Revenue contributions in support of the HRA Capital Programme are reflected here. The 2002/03 HRA RCCO was deferred in order to maintain the maximum flexibility in the HRA. This accounts for the high level of HRA Revenue Balances at 1st April 2003. The 2003/04 Probable and 2004/05 Estimates include a combined £1,684K of RCCO (including the deferrals from 2002/03) in-line with the Capital Strategy.
- In the 2003/04 Estimate it is assumed that £500,000 of funding will be provided towards the Decent Homes Programme from the anticipated Windfall saving resulting from the new funding arrangements for Supporting People. This funding is to be directed as a RCCO to the Decent Homes Capital Programme.
- 9942 The Council has been utilising Interim Measures to assist in offsetting some of the adverse effects of the changes in the Subsidy System introduced in 2001/02. The concessions allowed under these Interim arrangement cease in 2004/05.
- 9943 The changes in the Subsidy System and the introduction of the MRA in 2001/02 took SBC out of Negative Subsidy. The Council is utilising Transitional Measures to assist in offsetting some of the adverse effects of the changes in the system and this item reflects the transfer from the Major Repairs Reserve to fund these adjustments.
- 9944 The 2002/03 Actual figures reflects the accounting adjustment required in the HRA where the calculated charge for depreciation on the Council's Housing Stock exceeds the level of the MRA grant.