

Meeting: Executive

Portfolio Area: Housing

Date: 25th January 2006

HOUSING REVENUE ACCOUNT (HRA) BUDGET PROBABLES 2005/06 & ESTIMATE 2006/07

KEY DECISION

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1 PURPOSE

- 1.1 To approve the 2005/06 Probable and 2006/07 Estimate Budgets for the Housing Revenue Account.
- 1.2 To recommend to Council rent increases for 2006/07 in respect of dwellings.

2 RECOMMENDATIONS

That the following recommendations be made to Full Council: -

- 2.1 That the Housing Revenue Account estimates for 2005/06 Probable showing a net deficit of £365,660 be approved, as detailed in Appendix A.
- 2.2 That the Housing Revenue Account 2006/07 Estimates showing a net deficit of £550,970 be approved, as detailed in Appendix A.
- 2.3 That the rents of HRA dwellings be increased, with effect from the week commencing 3rd April 2006, by 2.98% and increased or decreased by the Rent Restructuring figure determined for each dwelling in accordance with the Government's Revised National Rent Restructuring Formula, subject to the Government's caps and limits applicable to each property as detailed in paragraph 4.2.1.6.
- 2.4 The Government's Cap on the combined increase in rent and un-pooled Service Charges for an individual property be applied as detailed in paragraph 4.2.1.6.
- 2.5 That a comprehensive review of Tenant Service Charges be carried out during 2006 in order to inform the 2007/08 Budget process.
- 2.6 That the increases in ancillary fees and charges, with effect from 3rd April 2006, as detailed in Appendix B, be approved.

- 2.7 That the Executive proposes a Contingency Sum in the Budget and Policy Framework for 2006/07 of £500,000 for the HRA.
- 2.8 That the Executive notes and accepts that the Council may, at its discretion, agree to vary the proposed HRA in the course of its consideration of that budget.

3 BACKGROUND

- 3.1 At its meeting on 14th December 2005 the Executive agreed the draft 2005/06 Probable and 2006/07 HRA Budgets, incorporating the proposed rent increase and HRA 2006/07 Forward Plan proposals.
- 3.2 Following this meeting the report has gone through the scrutiny process. At its meeting on 15th December 2005, Housing and Wellbeing Scrutiny Panel resolved that "the draft Housing Revenue Budget – Probables 2005/06 and Estimates 2006/07 – be noted." FOSTA (Federation of Stevenage Tenants Associations) have been consulted on the HRA Estimates at their meeting on 4th January 2006.
- 3.3 As explained in the December Report, the outcome of the Council's Housing Options Appraisal Process was submitted to the Government Office for the Eastern Region in July 2005 and has since been signed off by them. The Appraisal concluded that the HRA Revenue position could, at that stage, be maintained in balance over the period to the end of the Decent Homes term, 2010. However, the Council had insufficient Capital resources to achieve Decent Homes by 2010 and, therefore, the Appraisal recommended that the Council should pursue the Arms Length Management Organisation (ALMO) Option.
- 3.4 As explained in the December Report, the 2004/05 Outturn position on the HRA was reported to the Statement of Accounts Committee in July 2005 and showed a net underspend on the HRA of £987,000. This included the deferral of £647,000 of Revenue Contributions to Capital Outlay (RCCO) in order to fund the ALMO set up costs and costs associated with Harrow Court. The overall effect of the net underspends in 2004/05 provides an additional level of usable balances which is available as a cushion against spending pressures in the current and future budget setting processes.
- 3.5 It was considered in the December Report that the Draft HRA Budget, incorporating the Forward Plan and Savings proposals, represents a prudent approach to the 2006/07 HRA Budget setting process, which would allow the HRA to make some significant short-term improvements to ensure the achievement of a three star Housing Service, whilst maintaining an adequate level of Balances, which would allow the Council, in partnership with the ALMO, to determine a robust Business Plan for the HRA into the future.
- 3.6 As reported previously to Executive and Council it is proposed that the ALMO would be set up in October 2006. It is anticipated that the ongoing revenue impact of the introduction of the ALMO would be broadly cost neutral. Although some diseconomies of scale may result it would be anticipated that these could be offset by increased efficiencies. The 2006/07 HRA Budget is presented, at this stage, on the traditional basis that the management of the stock would be retained by the Council. Further reports will be brought back in due course to detail how the overall HRA Budget will be disaggregated when the ALMO is set up, as the treatment will depend upon the detailed arrangements entered into.

- 3.7 Members will recall that in 2003/04 the Council introduced the collection of Rent and Service Charges over a 50 week period. All of the weekly figures referred to in this report are based on a standard 52 week year. The format of the HRA Estimates at Appendix A have been simplified to eliminate various technical accounting adjustments. A set of Estimates, including all the required adjustments in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Best Value Accounting Code Of Practice (BVACOP), have been placed in the Members Library, for information.
- 3.8 The Final HRA 2005/06 Probable and 2006/07 Estimate Budgets are attached at Appendix A. These incorporate the Final Subsidy Determinations as announced on 20th December 2005 and other updated figures. The overall position is that the budgets have increased on the figures reported to the December Executive, as detailed below.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 HRA Budget variations between December and January Executive Reports.

- 4.1.1 The Draft HRA Estimate Budgets had to be reported in December, a month in advance of the General Fund Estimates process, in order to meet the timetable for Rent Setting of the HRA. As such, the draft Estimates were subject to amendment in some areas if more accurate figures became available as the budget setting process progressed. The changes from the December to the January Executive are detailed in the paragraph below.
- 4.1.2 The Final HRA 2005/06 Probable and 2006/07 Estimate Budgets as presented at Appendix A incorporate the following amendments since the Draft presented to the Executive in December 2004: -
- i. *HRA Subsidy Withdrawal* – The Final Determinations were received on 20th December 2005 and there have been some adjustments to the Management and Maintenance (M&M) Allowances, which have reduced the M&M Allowance entitlement and hence increased the overall Subsidy Withdrawal by £210,000. Some changes in the Subsidy Determinations between the drafts published in November and the Final Determinations notified in late December are generally expected, but the scale of the change this year is quite exceptional. The Major Repairs Allowance (MRA) has also been reduced by £37,000, but this is offset by the 'below the line' adjustments in the HRA and the impact of this is on capital not revenue funding.
 - ii. *Rent Rebate Subsidy Limitation (RRSL)* – As part of the Government's Rent Restructuring Review, the Council's Limit Rent was re-based which will mean that the Council will fall out of RRSL in 2006/07. This will mean that the Council will no longer have to pay RRSL amounting to some £160,000 to the Government. The Draft Determinations were not clear on this point and cautiously this benefit to the HRA was not taken into account in the Draft HRA Budget in the December Report.
 - iii. *5% limit on average rent increase* – The Government has confirmed that they will reimburse Councils' for the loss of rental income resulting from capping rent increases at 5% in 2006/07. It is estimated that this will amount to some £58,000 for Stevenage. Again, this was not assumed in the draft figures in the December Report whilst confirmation on this matter was awaited.

- iv. *Support Services Recharges* - It is sometime since the basis of the Support Service Recharges has been comprehensively reviewed, so a complete review has been undertaken as part of the 2006/07 budget setting process using revised and updated methodologies. Ensuring that the basis of the recharges has been completely updated will put the Council in a good position from which to set up the Housing ALMO. Up-to-date information will be available to negotiate robust Service Level Agreements (SLA's) between the Council and the ALMO. The revised Support Service allocations were not available for the early production of the Draft HRA Budget in December. These updated recharges show increases overall in the level of recharges to the HRA. Overall there is an increase in Central Establishment and Support Service charges of the order of £265,000.
- v. *Other minor budget adjustments* – There have been some minor changes to other figures within the HRA Budget.

The net impact of these changes has increased the HRA Budget by some £259,000 overall and reduced the working balance on the HRA. The HRA now has a net deficit of £365,660 in the 2005/06 Probable and a net deficit of £550,970 in the 2006/07 Estimates with an estimated balance carried forward at 31st March 2007 of £1,321,310.

4.2 Significant Issues for the 2006/07 HRA Budget, but which have not varied since the Draft Report to December Executive.

4.2.1 Final Rent Setting

4.2.1.1 As detailed in the December Report the Draft HRA 2006/07 Subsidy Determinations issued on 7th November 2005 proposed the introduction of the revised Rent Restructuring arrangements with effect from 1st April 2006 and these revised arrangements have been confirmed in the Final 2006/07 Subsidy Determinations.

4.2.1.2 Since its introduction in 2002/03 Stevenage has followed the Government's Rent Restructuring Policy. To do otherwise would leave the HRA with a significant shortfall because the subsidy calculations and particularly the rent withdrawal figure assumes that Rent Restructuring is being pursued.

4.2.1.3 The 2006/07 HRA Subsidy Determinations changed the basis of Rent Restructuring in order to bring the formula into line with that used for rent setting by Registered Social Landlords (RSLs) and thereby ensure that the Government's objective of parity between Local Authority and RSL rents will be achieved by 2011/12. The changes were somewhat complex and clarification on some of the issues was required and this has resulted in the changes detailed in paragraph 4.1.2(ii&iii) above.

4.2.1.4 The Final Subsidy Determinations have not resulted in any change to the Rent Setting proposals as reported to the Executive in December. The determinations confirm the proposals for the Council's Rent for 2006/07 at £66.34. The proposals for the 2006/07 Rent Increase can be summarised as follows:

2005/06 Average Rent set at Government Limit Rent	= £63.18	
Average Rent Restructuring Increase	= £ 1.28	2.02%
Inflationary Increase	= £ 1.88	2.98%
Overall Increase	= £ 3.16	5.00%
2006/07 Average Rent	= £66.34	

4.2.1.5 It is proposed that for 2006/07 the Average Rent be set applying the Government's Revised Rent Restructuring formula. In practice, individual rents would be calculated by applying a 2.98% increase to the 2005/06 Rent, plus or minus the individual Rent Restructuring figure calculated in accordance with the Government's revised formula for the fifth year of Rent Restructuring.

4.2.1.6 The Government intends that increases and decreases in Rents and Service Charges of individual properties between 2005/06 and 2006/07 should continue to be capped at RPI+1/2%+£2. It is proposed that the Council will continue to implement this cap. In previous years this cap only affected a handful of properties in Stevenage and the overall annual rent loss to the HRA was insignificant. It is estimated that following the Government's revised Rent Restructuring proposals the RPI+1/2%+£2 cap will impact on some 300 properties in Stevenage in 2006/07, resulting in an annual rent loss to the HRA of just over £3,700.

4.2.2 Forward Plan and Savings Items

4.2.2.1 The HRA Revenue Forward Plan and Savings Items were reported separately and approved as part of the December Report. A summary of the HRA Forward Plan and Savings Items is shown at Appendix C for information, but these have now been incorporated in the detailed HRA Budget figures at Appendix A. The HRA Forward Plan consists mainly of one off costs critical to delivering the HRA improvement plan and ensuring the achievement of a 3 Star Housing Service. The principle is not to commit the ALMO to an ongoing level of year on year increases in the base budget and to allow the ALMO to assist in further developing the robust HRA Business Plan for the future.

4.2.2.2 The General Fund Forward Plan and Savings Items reported in December have also now been incorporated into the detailed HRA Budget figures at Appendix A.

4.2.3 Supporting People

4.2.3.1 The funding position with regard to the Supporting People arrangements remains unclear and there has been no confirmation of the level of funding available for 2006/07. In the face of this uncertainty the HRA Supporting People Budgets have been prepared on a cautious basis. The grant income from County has been estimated at £560,000 for the 2005/06 Probable and the same level for 2006/07. The use of the Supporting People windfall is as approved in the 2005/06 Original Estimates, with the £560,000 of grant funding being applied to Decent Homes.

4.2.4 Tenant Service Charges

4.2.4.1 In 2002/03 the Council began to introduce Tenant Service Charges with the intention of phasing some of them in over a three year period. However, with the introduction of the Government's Rent Restructuring policy this income became subject to RRSL, which would be tapered out (reducing by 10% per annum) over the Rent

Restructuring period. Because of the impact of RRSL the Council has in each subsequent year decided not to continue with the further years of phasing in these charges. As reported in December, the position this year is further complicated by the Government's changes to its Rent Restructuring Policy. It is therefore proposed that these charges are again not increased in 2006/07, but that a full review of Service Charges should be undertaken in advance of the 2007/08 Budget Process and proposals be brought forward next year regarding the scope to further un-pool service charges taking the Revised Rent Restructuring Formula (including caps and limits), RRSL and the service charge taper into account.

4.2.5 Other HRA Ancillary Fees and Charges

4.2.5.1 The proposed increases in these charges are attached at Appendix B and these increases have been incorporated in the 2006/07 Estimates.

4.2.5.2 Other charges including water rates, heating charges and NTL charges will have to be increased as appropriate, to cover costs.

4.3 Final 2006/07 HRA Budget

4.3.1 Although the Final 2006/07 HRA Budget reflects an increase on the draft budget presented to the December Executive it is still considered that the HRA Base Budget, incorporating the Forward Plan and Savings proposals, will represent a prudent approach to setting the 2006/07 HRA Budget. It will allow the HRA to make some significant short-term improvements to ensure the achievement of a three star Housing Service, whilst still maintaining an adequate level of Balances, which would allow the Council, in partnership with the ALMO, to determine a robust Business Plan for the HRA into the future.

5 IMPLICATIONS

5.1 Financial Implications

This report is largely financial in nature and relevant implications are included in the body of the report and appendices.

5.2 Legal Implications

The Council has a statutory duty to balance the Housing Revenue Account. The Council has a statutory duty to consult its tenants on changes in policy and practice on matters of housing management.

5.3 Policy Implications

All of the proposals in this report are intended to be consistent with the Corporate Business Strategy ambitions and priorities that relate to the housing stock.

5.4 Service Delivery Implications

The proposals in the report reflect the aim of setting the HRA to ensure our ability to deliver the Best Value Review Improvement Plan.

5.5 Other Implications

There are no other direct implications to report at this time.

BACKGROUND DOCUMENTS

- 2006/07 Draft & Final HRA Subsidy Determinations
- Executive report 14th December 2005 Draft HRA Budget 2006/07
- Housing & Wellbeing Scrutiny Panel report 15^h December 2005 HRA Budget 2006/07

APPENDICES

- Appendix A – HRA 2005/06 Probable and 2006/07 Estimate Budgets & Notes – are attached to the Report.
- Appendix A(i) – HRA 2005/06 Probable and 2006/07 Estimate Budgets & Notes - a full set of Estimates, including all the required adjustments in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Best Value Accounting Code Of Practice (BVACOP), have been placed in the Members Library, for information.
- Appendix B – List of HRA Ancillary Charges and Proposed Increases.
- Appendix C – Summary of the HRA Revenue Forward Plan Items and Savings.

HOUSING REVENUE ACCOUNT 2006/07 ESTIMATES

Page	Description	2004/05 Actuals	2005/06		2006/07 Estimate
			Estimate	Probable	
	<u>HRA SUMMARY</u>	£	£	£	£
	SUPERVISION & MANAGEMENT				
HRA2	- General	5,521,709	5,325,400	5,862,530	5,945,550
HRA4-8	- Special	1,144,485	1,710,380	1,721,000	2,074,970
HRA9	REPAIRS & MAINTENANCE	5,288,288	5,715,750	5,686,440	6,129,170
	<u>TOTAL EXPENDITURE</u>	11,954,482	12,751,530	13,269,970	14,149,690
HRA3	<u>TOTAL INCOME</u>	27,722,144	28,208,500	28,253,930	29,620,520
	<u>NET COST OF SERVICE</u>	(15,767,661)	(15,456,970)	(14,983,960)	(15,470,830)
	Total Below the Line Adjustments	(1,097,765)	(1,051,640)	(1,002,030)	(968,620)
	Housing Subsidy Withdrawal	16,251,372	16,351,650	16,351,650	16,990,420
	NET (SURPLUS)/DEFICIT FOR YEAR	(614,054)	(156,960)	365,660	550,970
	BALANCE B/FWD	(1,623,890)	(1,250,980)	(2,237,940)	(1,872,280)
	USE OF/(CONTRIBUTION TO) BALANCES	(614,050)	(156,960)	365,660	550,970
	BALANCE C/FWD	(2,237,940)	(1,407,940)	(1,872,280)	(1,321,310)
	[Minimum Level of Balances to be maintained at £500k]				

HOUSING REVENUE ACCOUNT (HRA)**Summary of Major Budget Issues**

Members are reminded that there is a legal requirement to set a Housing Revenue Account Budget in balance and that a prudent minimum balance of £500,000 should be maintained.

The Estimates take account of the Final 2006/07 HRA Subsidy Determinations.

Rent Restructuring

2006/07 is the fifth year of Rent Restructuring under the Government's policy to close 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. The Government is introducing amendments to the Rent Restructuring formula 2006/07 to seek to ensure that its objectives of convergence is achieved by 2011/12. It is proposed that the Council will continue to apply Rent Restructuring and adopt the Government's proposed Caps and Limits on individual Rent Increases.

Inflation

The estimates generally include the following elements :-

The Base Budget estimates i.e. the cost of maintaining the existing level of Service.

Inflation on the following basis:-

	<u>2005/06</u>		<u>2006/07</u>
	<u>Estimate</u>	<u>Probable</u>	<u>Estimate</u>
	%	%	%
Payroll	2.95	2.95	2.95
General	0.0	0.0	0.0
Specific Items	----- as appropriate -----		
Average Rent increase (plus individual Restructuring Adjustments)	4.03	4.03	2.98

HOUSING REVENUE ACCOUNT 2006/07 ESTIMATES

<u>Account Code</u>	<u>Description</u>	<u>2004/05</u>	<u>2005/06</u>		<u>2006/07</u>
		<u>Actuals</u>	<u>Estimate</u>	<u>Probable</u>	<u>Estimate</u>
	<u>EXPENDITURE SUMMARY</u>	£	£	£	£
	<u>SUPERVISION & MANAGEMENT</u> (Cost Centres HA11,HA21 & HA31)				
	<u>Premises Related Expenses</u>				
2600	Rents, Rates & Water Services	23,293	30,530	30,530	35,240
2850	Premises Insurance	266,933	314,890	374,070	374,070
	<u>Supplies & Services</u>				
4300	Printing, Stationery & General	70,615	128,920	123,920	102,920
4400	Postage & Telephones	1,497	8,500	8,500	8,500
4600	Grants & Subscriptions	7,540	8,700	8,700	10,500
4700	Miscellaneous Expenses	304,184	142,860	288,780	138,940
4911	Increase in Provision for Bad Debts	233,000	200,000	200,000	200,000
	<u>Agency & Contracted Services</u>				
5100	Contract Services	8,000	5,030	5,030	5,180
5600	Agency Fees & Surveys	321,451	139,200	425,350	573,200
	<u>Central & Departmental Charges</u>				
7100	Central & Departmental Charges	4,180,797	4,169,820	4,240,130	4,312,490
	<u>Capital Financing Costs</u>				
8100	Debt Charge Provision	0	50,000	50,000	75,000
8500	Leasing Charges	1,562	21,080	1,650	510
8700	Cash Management Expenses	102,840	105,870	105,870	109,000
	Total Expenditure	5,521,709	5,325,400	5,862,530	5,945,550

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

<u>Account Code</u>	<u>Reason for Variation</u>
2850	The Probable 2005/06 and Estimate 2006/07 reflects an increase in the cost of insurance premiums.
4300	The 2005/06 estimates includes the Forward Plan item for the Tenancy Handbook.
4700	The Probable 2005/06 includes the evacuation costs for Harrow Court and the final costs of the Options Appraisal process.
5600	The Probable 2005/06 includes budgets for the Customer Panel review, the Housing Improvement Plan, the ALMO set up costs and the review of Allocations. The 2006/07 Estimate includes the continuation of the ALMO set up and Forward Plan items detailed below.
7100	This budget includes a Forward Plan item detailed below.
8100	Provision has been made in respect of potential revenue funding to Support Capital Spending as reflected in the Subsidy Determinations for 2006/07.
8500	The reduction in 2005/06 and 2006/07 estimates reflects the Council policy of not leasing but purchasing new equipment funded by the Capital Programme. The costs of leasing will fall out once the leasing periods end.

<u>Forward Plan</u>		<u>£</u>
5600	Housing Improvement Plan	170,000
5600	ALMO Set Up Costs	64,000
5600	Implementation of the Improvement Plan	40,000
5600	Status Survey	15,000
7100	Anti-Social Behaviour Staff	50,000

HOUSING REVENUE ACCOUNT 2006/07 ESTIMATES

<u>Account Code</u>	<u>Description</u>	<u>2004/05 Actuals</u>	<u>2005/06</u>		<u>2006/07 Estimate</u>
			<u>Estimate</u>	<u>Probable</u>	
	INCOME SUMMARY (Cost Centre HC11)	£	£	£	£
	<u>Rent Income</u>				
9781	Gross Rental Income	26,738,301	27,201,700	27,262,630	28,615,670
		26,738,301	27,201,700	27,262,630	28,615,670
9783	Other Rental Income	53,093	101,040	72,320	101,700
		26,791,394	27,302,740	27,334,950	28,717,370
	<u>Government Grants</u>				
9131	Defects Act	73,935	67,720	67,720	42,830
	<u>Supporting People Grant</u>	600,000	560,000	560,000	560,000
	<u>Other Income</u>				
9767	Commission on Water Rates	183,044	183,040	203,000	203,000
9928	Ringfencing Adjustment - North Road Homeless Hostel	73,770	95,000	88,260	97,320
		256,814	278,040	291,260	300,320
	Total Income	27,722,144	28,208,500	28,253,930	29,620,520

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 2006/07 Estimate assumes that the Average Rent increase is set at 5% in line with the Government's Rent Restructuring Policy.
9928	The Ringfence adjustment, which is being met from the General Fund, relates to North Road Homeless Hostel.

HOUSING REVENUE ACCOUNT 2006/07 ESTIMATES

<u>Account Code</u>	<u>Description</u>	<u>2004/05 Actuals</u>	<u>2005/06</u>		<u>2006/07 Estimate</u>
			<u>Estimate</u>	<u>Probable</u>	
	<u>SPECIAL SUPERVISION AND MANAGEMENT HOLDING ACCOUNT</u>	£	£	£	£
	<u>GROUNDS MAINTENANCE TREES & OAP GARDENS</u> (Cost Centre HD11)				
	<u>Expenditure</u>				
	<u>Premises Related Expenses</u>				
2400	Grounds - Tree Maintenance & OAP Gardens	5,868	46,000	32,000	32,000
	Total Expenditure	5,868	46,000	32,000	32,000

HOUSING REVENUE ACCOUNT

Special Supervision & Management

OAP Gardens and Trees

<u>Account Code</u>	<u>Reason for Variation</u>
2400	This estimate includes essential work to remove trees that are causing structural damage and to assist elderly persons with difficult garden maintenance issues in exceptional circumstances.

HOUSING REVENUE ACCOUNT 2006/07 ESTIMATES

<u>Account Code</u>	<u>Description</u>	<u>2004/05 Actuals</u>	<u>2005/06</u>		<u>2006/07 Estimate</u>
			<u>Estimate</u>	<u>Probable</u>	
	SPECIAL SUPERVISION AND MANAGEMENT HOLDING ACCOUNT	£	£	£	£
	<u>SHELTERED SCHEMES</u> (Cost Centres HGB)				
	<u>Expenditure</u>				
	<u>Employee Related Expenses</u>				
1100	Salaries	539,480	698,560	705,840	865,260
1150	Wages	106,878	127,190	109,380	119,010
1950	Indirect Employee Expenses	6,643	11,120	11,330	11,330
	<u>Premises Related Expenses</u>				
2300	Fixed Plant	52,018	77,000	77,000	77,900
2400	Grounds	49,061	50,850	50,850	52,720
2500	Energy Costs	137,455	189,370	215,990	246,160
2600	Rent, Rates and Water Services	5,895	4,730	12,520	13,140
2750	Cleaning & Domestic Supply	13,359	20,830	13,690	18,690
2850	Premises Insurance	6,496	6,680	7,940	7,940
	<u>Transport Related Expenses</u>				
3600	Travelling Expenses	19,596	18,200	18,200	18,200
	<u>Supplies & Services</u>				
4100	Equipment, Tools & Furniture	6,058	9,260	15,260	15,260
4300	Printing, Stationery & Gen Exp	3,243	4,080	4,080	4,080
4400	Postage & Telephones	19,757	19,890	24,670	36,600
4700	Miscellaneous Expenses	7,565	9,070	10,100	10,100
	<u>Agency & Contracted Services</u>				
5500	Other Local Authorities	42,530	44,770	44,770	46,110
	<u>Capital Financing Costs</u>				
8500	Leasing Charges	1,579	3,160	3,160	3,160
	Total Expenditure	1,017,611	1,294,760	1,324,780	1,545,660
	<u>Income</u>				
9400	Fees & Charges	54,659	47,080	47,080	48,350
9760	Other Recoverable Charges	63,552	61,530	61,530	63,190
	Total Income	118,211	108,610	108,610	111,540
	Net Cost of Service	899,401	1,186,150	1,216,170	1,434,120

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

<u>Account Code</u>	<u>Reason for Variation</u>	
1100	The increase in the 2006/07 Estimate includes the impact of the restructure of this Service. This is offset by a reduction included in the Central Departmental Costs charged to the HRA and a Forward Plan item detailed below.	
2500	The Probable 2005/06 and the 2006/07 Estimate includes a significant increase for utility costs.	
4100	The Probable 2005/06 and Estimate 2006/07 includes provision for gritting.	
4400	The increases in 2005/06 Probable and 2006/07 Estimate reflects new Broadband costs.	
5500	The estimates reflect the recharges from the North Hertfordshire District Council control centre in respect of the Alarm Service.	
<u>Forward Plan</u>		<u>£</u>
1100	Sheltered Housing Restructure	13,000

HOUSING REVENUE ACCOUNT 2006/07 ESTIMATES

<u>Account Code</u>	<u>Description</u>	<u>2004/05</u>	<u>2005/06</u>		<u>2006/07</u>
		<u>Actuals</u>	<u>Estimate</u>	<u>Probable</u>	<u>Estimate</u>
	<u>SPECIAL SUPERVISION AND MANAGEMENT HOLDING ACCOUNT</u>	£	£	£	£
	<u>FLATS</u> (Cost Centres HJB)				
	<u>Expenditure</u>				
	<u>Employee Related Expenses</u>				
1150	Wages	6,328	4,630	4,200	4,420
	<u>Premises Related Expenses</u>				
2200	Buildings	1,057	2,100	2,100	2,100
2300	Fixed Plant	25,551	66,000	59,660	59,680
2400	Grounds	164,256	165,810	165,810	171,850
2500	Energy Costs	204,349	220,060	260,790	334,140
2600	Rent, Rates and Water Services	224	0	430	460
2750	Cleaning & Domestic Supply	26,589	25,890	26,650	30,370
2850	Premises Insurance	112,406	107,810	127,910	126,320
	<u>Supplies & Services</u>				
4100	Equipment, Tools & Furniture	2,558	21,200	10,200	9,000
4400	Postage & Telephones	4,583	3,060	7,020	7,060
4700	Miscellaneous	5,562	0	0	0
	<u>Central & Departmental Charges</u>				
7100	Central & Departmental Charges	268,173	312,610	312,610	324,170
	<u>Capital Financing Costs</u>				
8500	Leasing Charges	0	1,240	0	0
	Total Expenditure	821,636	930,410	977,380	1,069,570
	<u>Income</u>				
9400	Fees & Charges	16,396	17,070	17,070	17,130
9760	Other Recoverable Charges	507,259	490,640	497,340	505,060
	Total Income	523,655	507,710	514,410	522,190
	Net Cost of Service	297,982	422,700	462,970	547,380

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

<u>Account Code</u>	<u>Reason for Variation</u>
2500	The Probable 2005/06 and 2006/07 Estimate includes a significant increase for utility costs.
9760	This budget reflects service charge income from tenants and leaseholders of flats. Service Charges to tenants are for the provision of caretaking and cleaning, window cleaning and grounds maintenance services.

HOUSING REVENUE ACCOUNT 2006/07 ESTIMATES

<u>Account Code</u>	<u>Description</u>	<u>2004/05</u>	<u>2005/06</u>		<u>2006/07</u>
		<u>Actuals</u>	<u>Estimate</u>	<u>Probable</u>	<u>Estimate</u>
	<u>SPECIAL SUPERVISION AND MANAGEMENT HOLDING ACCOUNT</u>	£	£	£	£
	<u>HOMELESS ACCOMMODATION</u> (Cost Centres HLB)				
	<u>Expenditure</u>				
	<u>Employee Related Expenses</u>				
1100	Salaries	175,009	258,360	230,240	254,050
1150	Wages	15,588	20,840	14,680	21,140
1950	Indirect Employee Expenses	283	290	350	350
	<u>Premises Related Expenses</u>				
2200	Premises Related Charges	12,116	49,000	36,500	49,000
2400	Grounds	2,680	2,400	2,400	2,490
2500	Energy Costs	13,104	19,300	24,390	29,200
2600	Rent, Rates and Water Services	7,429	4,420	11,420	12,280
2750	Cleaning & Domestic Supply	1,859	1,980	1,070	1,070
2850	Premises Insurance	3,557	3,990	4,740	4,740
	<u>Supplies & Services</u>				
4100	Equipment, Tools & Furniture	7,662	12,790	1,220	12,680
4250	Clothing, Uniforms & Laundry	963	1,200	800	800
4300	Printing, Stationery & Gen Exp	121	220	130	0
4400	Postage & Telephones	2,684	3,140	4,530	4,870
4700	Miscellaneous	1,495	1,560	2,450	2,650
	<u>Capital Financing Costs</u>				
8500	Leasing Charges	0	1,100	0	0
	Total Expenditure	244,549	380,590	334,920	395,320
	<u>Income</u>				
9400	Charges for Services	7,708	8,430	8,430	8,660
9760	Other Recoverable Charges	306,756	316,630	316,630	325,190
	Net Cost of Service	(69,915)	55,530	9,860	61,470

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.
1100/1150	The Probable 2005/06 reflects vacancies that have arisen during the year.
2500	The Probable 2005/06 and 2006/07 Estimate includes a significant increase for utility costs.
9760	This budget reflects the charges to tenants.

HOUSING REVENUE ACCOUNT 2006/07 ESTIMATES

<u>Account Code</u>	<u>Description</u>	<u>2004/05 Actuals</u>	<u>2005/06</u>		<u>2006/07 Estimate</u>
			<u>Estimate</u>	<u>Probable</u>	
	<u>SPECIAL SUPERVISION AND MANAGEMENT HOLDING ACCOUNT</u>	£	£	£	£
	<u>T.V. RELAY SYSTEM</u> (Cost Centre HN11)				
	<u>Expenditure</u>				
	<u>Agency & Contracted Services</u>				
5600	Private Contractors	317,458	341,910	324,220	353,890
	Total Expenditure	317,458	341,910	324,220	353,890
	<u>Income</u>				
9000	Income	306,309	341,910	324,220	353,890
	Net Cost of Service	11,149	0	0	0
	Total Special Supervision and Management	1,144,485	1,710,380	1,721,000	2,074,970

HOUSING REVENUE ACCOUNT

Special Supervision & Management

TV Relay System

Account Code

Reason for Variation

9000

The recovery of Service Charges from tenants and leaseholders for the provision of NTL TV services is reflected here and for 2006/07 takes account of the estimated increased charges.

HOUSING REVENUE ACCOUNT 2006/07 ESTIMATES

<u>Account Code</u>	<u>Description</u>	<u>2004/05 Actuals</u>	<u>2005/06</u>		<u>2006/07 Estimate</u>
			<u>Estimate</u>	<u>Probable</u>	
	<u>REPAIRS & MAINTENANCE HOLDING ACCOUNT</u> (Cost Centre H18A)	£	£	£	£
	<u>Agency & Contracted Services</u>				
HPA-R	Responsive Repairs	3,550,239	3,649,450	3,740,860	3,821,390
HPP	Planned Maintenance	550,289	658,630	255,000	568,050
	Total Repairs & Maintenance Works	4,100,528	4,308,080	3,995,860	4,389,440
	<u>Supplies & Services</u>				
4300	Printing, Stationery & Gen Exp	482	6,000	5,590	5,590
	<u>Agency & Contracted Services</u>				
5700	Consultancy Fees	0	31,000	31,000	31,000
	<u>Central & Departmental Charges</u>				
7100	Central & Departmental Charges	1,187,278	1,370,670	1,653,990	1,703,140
	Net Expenditure	5,288,288	5,715,750	5,686,440	6,129,170

HOUSING REVENUE ACCOUNT**Repairs & Maintenance**General Repairs

The budgets generally reflect inflationary increases for the 2006/07 Estimate and reductions to reflect the loss of properties through Right-to-Buy sales.

Responsive Repairs The 2006/07 Estimate includes an inflationary increase on building costs and, as in previous years, a reduction in proportion to the number of Right To Buy properties sold.

Planned Maintenance The reduction in the Probable 2005/06 reflects the delay in the Pre-paint Repair and External Decoration Programme. A Forward Plan item in 2006/07 is detailed below.

Forward Plan

		<u>£</u>
HPP	Pre-paint Repair and External Decoration Programme	292,000

HOUSING REVENUE ACCOUNT 2006/07 ESTIMATES

Account Code	Description	2004/05	2005/06		2006/07
		Actuals	Estimate	Probable	Estimate
		£	£	£	£
	ADJUSTMENTS TO NET OPERATING EXPENDITURE (Cost Centre HW11)				
	<u>HRA INVESTMENT INCOME</u>				
9814	Interest - Capital Receipts	(1,495,753)	(1,480,000)	(1,522,000)	(1,397,000)
9831	Interest - Mortgages	(34,964)	(31,640)	(32,030)	(31,620)
9851	Interest - Revenue Balances	(80,048)	(100,000)	(100,000)	(100,000)
		(1,610,765)	(1,611,640)	(1,654,030)	(1,528,620)
	Total Income	(1,610,765)	(1,611,640)	(1,654,030)	(1,528,620)
	APPROPRIATIONS (Cost Centre HX11)				
	<u>Expenditure</u>				
8611	RCCO - General	0	0	92,000	0
8611	RCCO - Supporting People funding to Decent Homes	513,000	560,000	560,000	560,000
	Total Expenditure	513,000	560,000	652,000	560,000
	Net Appropriations	513,000	560,000	652,000	560,000
	Total Below the Line Adjustments	(1,097,765)	(1,051,640)	(1,002,030)	(968,620)

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

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 benefited from an increase in the 2005/06 Probable. The 2006/07 Estimate is anticipating a slight reduction in interest rates in this year.

Appropriations

8611 Revenue contributions in support of the HRA Capital Programme are reflected here. 2004/05 was the last year in which the HRA was planned to make a Revenue Contribution to Capital Outlay (RCCO. This was actually deferred in 2004/05 and has funded the Harrow Court costs and the ALMO set up costs. The estimated remaining balance is shown in the Probable 2005/06.

Hostel Licence Weekly Charges 2006/07

12 North Road

	No Children	1 Child	2 Children	3 Children	4 Children	5 Children	6 Children
1 Adult	39.27 09.24	63.70 09.24	88.13 09.24	112.56 009.24	136.99 009.24	161.42 009.24	185.85 009.24
	48.51	72.94	97.37	121.80	146.23	170.66	195.09
2 Adults	87.78 09.24	112.24 009.24	136.67 009.24	161.10 009.24	185.53 009.24	209.96 009.24	234.39 009.24
	97.05	121.48	145.91	170.34	194.77	219.20	243.63
3 Adults	136.29 009.24	160.72 009.24	185.15 009.24	209.58 009.24	234.01 009.24	258.44 009.24	282.87 009.24
	145.53	169.96	194.39	218.82	243.25	267.68	292.11
4 Adults	184.80 009.24	209.23 009.24	233.66 009.24	258.09 009.24	282.52 009.24	306.95 009.24	331.38 009.24
	194.04	218.47	242.90	267.33	291.76	316.19	340.62

Charges: £6.93 adult daily charge weekly charge = £48.51(increase £1.26/week)
£3.49 child daily charge weekly charge = £24.43(increase £0.63/week)
£9.24 service charge per family - minimum HB shortfall

CHARGES 2006/2007
SHELTERED HOUSING SCHEMES

	Current Charge 2005/06 £	2006/07 £
1. Guest Bedrooms All Schemes other than those listed below	5.20	5.35 per person per night
2. Norman Court/Hobbs Ct/Gladstone Ct/Shafesbury Ct/Truro Any bedsit type guest room	7.30	7.50 per person per night
3. Silkin Court (per day) Guest Room	5.20	5.35 per person
Short Stay Unit – Assessment	3.20	3.20 per person
Respite/Recuperation	6.25	6.40 per person
4. Laundry Charge Sheltered Schemes first wash	Free	Free
Second wash and thereafter	1.60	1.65 per wash
Guest bedrooms (per week or part)	1.60	1.65 per wash
<u>Flat Blocks at</u> Brent Ct, Harrow Ct, The Towers, Roundmead, Lonsdale Ct	1.60	
Driers	1.10	
North Road & Wellfield Court	1.60	
Driers	1.10	
5. Hairdressing Hourly Charge	3.20	3.20
Session (other Schemes). Charge for room hire	4.95	5.10
6. Private Chiropodist and other services Per Session – Charge for room hire	4.95	5.10
7. Careline Alarm All charges are per week, exclusive of (VAT)		
(a) <u>Alarm installed after 1.4.03</u>		
Lifeline 1000/400 Installation, lease and service	3.20	3.20
Monitoring only service	1.75	1.75
Reduction for supplying own alarm unit or on a lease/service arrangement	0.25	0.25
(b) <u>Private user alarms installed prior to 1.4.03</u>		
Portal/Lifeline 1000/400 Installation, lease and service	3.00	3.00
Installation and service (own unit)	2.35	2.35
Lease and service	2.60	2.60
Housing Associations	2.00	2.00
Guinness Trust respond to emergency calls only		
8. Sheltered Housing Support Charge	12.60	12.60 (50 weeks)

STEVENAGE BOROUGH COUNCIL HRA Revenue Forward Plan Bids (2006/07)

Ref	SDU	Title	Key Activities	Description of Bid	2006/07	2007/08	2008/09	2009/10	2010/11
PRIORITY 1									
HRA-REV001	Housing Improvement Team	Housing Improvement Team	Transforming Council Services	No	To employ a team of staff to deliver Housing Improvement Programme.	£170,000	£146,250	£0	£0
HRA-REV002	Housing Improvement Team	ALMO Set-up Costs	Transforming Council Services	No	ALMO set-up costs above current allocation	£64,000	£0	£0	£0
HRA-REV003	Housing Technical Services	External decoration and associated repairs to the external envelope on a 6 year cyclical programme.	Good Quality service	No	To continue with the re-introduction of this programme and to alleviate financial pressures on the day to day responsive budget. The works would involve the external decorations and repairs to each property that do not fall under the capital allocation.	£292,000	£0	£0	£0
HRA-REV004	Housing	Implementation of the improvement plan (material specification and emergency call out review)	Good Quality service	No	To enable the implementation of the improvement plan certain projects will need resourcing externally such as:- setting a material specification, in conjunction with consideration of the stores function. Review of out of hours emergency service,	£40,000	£0	£0	£0
HRA-REV005	Tenancy Services	Status Survey	Transforming Council Services	No	To employ an organisation to carry out three-yearly survey of tenants required by the Audit Commission. Survey is scheduled for autumn 2006.	£15,000	£0	£0	£0
HRA-REV006	Tenancy Services	ASB Staff	Transforming Council Services	No	To provide a second Tenancy Enforcement Officer (£30k) (Scale 6) and full-time clerical support to Anti-Social Behaviour Team (£20k) (Scale 3). Preliminary estimate of the outcome of the Anti-Social Tenants Working Group estimated scale.	£50,000	£50,000	£50,000	£50,000
HRA-REV007	Housing	Sheltered Housing restructure	Transforming Council Services	No	Additional staffing costs associated to the proposal to restructure the Sheltered Housing Service.	£19,000	£18,000	£22,000	£27,000
TOTAL PRIORITY 1						£644,000	£214,250	£72,000	£77,000
SELF FINANCING / SAVINGS									
HRA-REV010	Housing Technical Services	Voids			Anticipated additional rental income generated as a result of improved void performance as reported to November Executive.	-£130,000	-£200,000	-£200,000	-£200,000
TOTAL SELF FINANCING / SAVINGS						-£130,000	-£200,000	-£200,000	-£200,000
TOTAL						£514,000	£14,250	-£128,000	-£123,000