



To: Executive Councillor for Housing: Councillor Kevin Price
Report by: Julia Hovells, Business Manager / Principal Accountant (Housing)
Relevant scrutiny committee: Housing Scrutiny Committee 18/1/2017
Wards affected: All Wards

LIBERAL DEMOCRAT AMENDMENT TO :

2017/18 HOUSING REVENUE ACCOUNT BUDGET SETTING REPORT

Key Decision

1. Executive summary

- 1.1 This report sets out amendments proposed by the Liberal Democrat Group to the Housing Revenue Account Budget Setting Report 2017/18, presented to Housing Scrutiny on 18 January 2017 for decision in respect of the revenue aspects of the report by the Executive Councillor for Housing, and consideration of the capital aspects, prior to recommendation to Council on 23 February 2017.
- 1.2 The appendices to this report incorporate the Liberal Democrat Group budget proposals in relation to specific revenue budget items for the HRA, with the resulting revenue implications as follows:
 - a) To include additional revenue funding from 2017/18 onwards
 - b) To reduce the level of debt set-aside to fund the additional revenue expenditure
 - c) To incorporate the resulting revenue impact of these changes on the HRA as a whole

The proposals are presented as amendments to the published HRA Budget Setting Report, with the changes identified in ***bold italics***. In most cases the sub-section or appendix has been re-stated for ease of reference.

- 1.3 The Liberal Democrat Group states that its budget amendment addresses the following key areas:

- Recognition that there is a marked change in the demographic of our social housing tenants, with 60% of tenants currently unemployed, 25% of tenants suffering from an illness or disability and almost 40% being over the age of 65. The resulting increase in vulnerability of our tenants brings challenges for us as a landlord, in terms of tenancy sustainment, community safety, rent collection and arrears recovery. The factors that have given rise to this change appear unlikely to abate in the future, such that it is reasonable to expect a continuation (and possible acceleration) in the shift towards a more vulnerable cohort of tenants in subsequent years.
- A proposal to include additional revenue funding of £100,000 per annum from 2017/18, to be used to ensure that current levels of service to the most vulnerable of our tenants are at least maintained and, to the extent possible, expanded through dedicated officer resource, focused on tenancy support and financial inclusion and applied in such a way as to anticipate a rising need for support of this nature. In addition to funding 1.5 FTE officer time, the bid would allow resource to be allocated to provide enhanced training opportunities to existing officers in this complex area. This would be consistent with the approach that officers will be more joined up in their working under the Housing Transformation Programme.
- An initial reduction in the resource set-aside for potential debt from the 25% currently set-aside, to 23.5%, in advance of the planned wider strategic review of the approach to treasury management and anticipating that in future years the HRA will have the benefit of the revenue generated by the properties to be built utilising funds made available under the recently approved Devolution deal, allowing the revenue investment identified above to be fully funded within the HRA. The level of debt set-aside would then be more extensively reviewed in 2017/18, as planned, with the potential for a more significant reduction if this proves justifiable.

1.4 The resulting recommendations refer to the strategy outlined in the HRA Budget Setting Report, as amended by this Liberal Democrat Amendment.

2. Recommendations

2.1 Changes to recommendations in the original report are highlighted in ***bold italics***. All of the recommendations have been re-stated in full for clarity.

Under Part 1 of the agenda, the Executive Councillor, is recommended, following scrutiny and debate at Housing Scrutiny Committee, to:

Review of Rents and Charges

- a) Approve that council dwellings rents for all social housing properties be reduced by 1%, in line with legislative requirements, introduced as part of the Welfare Reform and Work Act, with effect from 3rd April 2017. This equates to an average rent reduction at the time of writing this report of £1.00 per week on a 52 week basis.
- b) Approve that affordable rents are reviewed in line with rent legislation, to ensure that the rents charged are no more than 80% of market rent, with this figure then reduced by 1%, as with social housing. Local policy is to cap affordable rents at the Local Housing Allowance level, which will result in a rent freeze from 3rd April 2017.
- c) Approve inflationary increases of 2.4% in garage and parking space rents for 2017/18, in line with the base rate of inflation for the year assumed in the HRA Budget Setting Report.
- d) Approve the proposed service charges for Housing Revenue Account services and facilities, as shown in Appendix B of the HRA Budget Setting Report.
- e) Approve the proposed leasehold administration charges for 2017, as detailed in Appendix B of the HRA Budget Setting Report.
- f) Approve that caretaking, building cleaning, estate services, grounds maintenance, temporary housing premises and utilities, sheltered scheme premises and utilities, digital television aerial, flat cleaning and catering charges continue to be recovered at full cost, as detailed in Appendix B of the HRA Budget Setting Report, recognising that local authorities should endeavour to limit increases to inflation as measured by CPI at September 2016 (1%) plus 1%, wherever possible.
- g) Approve that service charges for gas maintenance, door entry systems, lifts and electrical and mechanical maintenance are increased in an attempt recover full estimated costs, as detailed in Appendix B of the HRA Budget Setting Report, recognising that local authorities should endeavour to limit increases to inflation as measured by CPI at September 2016 (1%) plus 1%, equivalent to an increase of 2% in total, wherever possible.

- h) Approve the transfer of budgets for smoke detectors, fencing and third party professional fees to revenue, from capital, recognising the work being carried out in these areas in the future.

Revenue – HRA

Revised Budget 2016/17:

- i) Approve with any amendments, the Revised Budget identified in Section 4 of the HRA Budget Setting Report, which reflects a net reduction in the use of HRA reserves for 2016/17 of £229,650.

Budget 2017/18:

- j) Approve with any amendments, the Non-Cash Limit items shown in Appendix D (1) of the HRA Budget Setting Report.
- k) **Approve with any amendments, the Savings, Increased Income, Unavoidable Revenue Pressures and Reduced Income proposals, shown in Appendix D (1) of the HRA Budget Setting Report.**
- l) **Approve the resulting Housing Revenue Account revenue budget as summarised in the Housing Revenue Account Summary Forecast 2016/17 to 2021/22 shown in Appendix J of the HRA Budget Setting Report.**

Under Part 2 of the agenda, the Executive Councillor for Housing is asked to recommend to Council (following scrutiny and debate at Housing Scrutiny Committee):

Treasury Management

- m) **Approve an initial reduction in the level of resource set-aside for potential debt repayment when the loan portfolio matures, from the previous level of 25% to 23.5%. Request that, in 2017/18, officers conclude a review of the approach to treasury management, considering the risks associated with a recommendation to fully re-finance the loan portfolio, against the potential financial benefit to the business plan in the shorter term of investing the resource in income generating assets. A separate report will be brought back to Housing Scrutiny Committee in 2017/18 following this review.**

Housing Capital

- n) Approval of capital bids, shown in Appendix D (2) of the HRA Budget Setting Report, to include balcony works at Kings Hedges and Arbury, additional investment in Disabled Facilities Grants, and replacement of the existing housing management information system, where the cost of the latter will be met from an existing repair and renewals fund for IT services.
- o) Approval of the transfer of budgets for smoke detectors, fencing and third party professional fees from capital to revenue, recognising the work being carried out in these areas in the future.
- p) Approval of the latest Decent Homes Programme, to include updated allocation of decent homes expenditure for new build dwellings, as detailed in Appendix E of the HRA Budget Setting Report.
- q) Approval of re-profiling of budget totalling £954,000 for the new build schemes at Water Lane, Hawkins Road and Fulbourn Road, where completion of dwellings is now anticipated in 2017/18, as detailed in Appendices E and H, and summarised in Appendix K, of the HRA Budget Setting Report
- r) Incorporation into the Housing Capital Investment Plan, of anticipated grant of £14,000,000 per annum for 5 years, in respect of devolution funding to assist in the delivery of 500 new affordable homes in the city.
- s) Approval of a £20,000,000 per annum, new build programme, for 5 years beginning in April 2017, recognising that devolution has been approved, that the authority will receive a grant of £14,000,000 per annum towards the delivery of new affordable homes and will utilise retained right to buy receipts and HRA resources to meet the balance of funding required. This programme will replace the previous RTB New Build Programme and the assumption that the authority may need to provide grants to registered providers when sufficient resource were no longer available to top up retained right to buy receipts.
- t) Approval to earmark additional resource of £1,740,000 towards the cost of the re-provision of the existing 23 socially rented homes at Anstey Way, allowing a revised scheme to be brought forward, with any addiitonality on the site being funded from the devolution programme, using devolution grant and retained right to buy receipts.

- u) Approval of the revised Housing Capital Investment Plan as shown in Appendix K of the HRA Budget Setting Report.

General

- v) Approval of delegation to the Head of Finance, as Section 151 Officer, to make the necessary detailed budgetary adjustments in the HRA, in respect of savings approved as part of the HRA Budget Setting Report, following the outcome of consultation with both tenants and staff about proposed service changes and resulting final savings.
- w) Approval of delegation to the Head of Finance, as Section 151 Officer, to approve an in year increase in the budget for disabled facilities grants, in direct relation to any increase in the capital grant funding for this purpose, as received from the County Council through the Better Care Fund.
- x) Approval of delegation to the Head of Finance, as Section 151 Officer, to make the necessary detailed budgetary adjustments in the HRA, to reflect the impact of the triennial valuation of the Cambridgeshire Local Government Pension Scheme.
- y) Approval of delegation to the Strategic Director, in consultation with the Head of Finance, as Section 151 Officer, to draw down resource from the ear-marked reserve for potential debt redemption or re-investment, for the purpose of open market property acquisition or new build housing development, should the need arise, in order to meet quarterly deadlines for the use of retained right to buy receipts.

3. Implications

All budget proposals have a number of implications. A decision not to approve a revenue bid will impact on managers' ability to deliver the service or scheme in question and could have staffing, equal opportunities, environmental and/or community safety implications. A decision not to approve a capital or external bid will impact on managers' ability to deliver the developments desired in the service areas.

(a) Financial Implications

The financial implications associated with decisions are outlined in the HRA Budget Setting Report 2017/18, presented to Housing Scrutiny Committee on 18th January 2017, as amended by this Liberal Democrat Amendment.

(b) Staffing Implications

Any direct staffing implications are outlined in the HRA Budget Setting Report 2017/18, as presented to Housing Scrutiny Committee on 18th January 2017, as amended by this Liberal Democrat Amendment.

(c) Equality and Poverty Implications

An Equalities Impact Assessment has been undertaken in respect of new budget proposals where any impact (positive or negative) is anticipated. The consolidated assessment is presented at Appendix L of the HRA Budget Setting Report, as amended by this Liberal Democrat amendment.

(d) Environmental Implications

Where relevant, officers have considered the environmental impact of budget proposals, with any impact highlighted in the HRA Budget Setting Report 2017/18, appended to this report, as amended by this Liberal Democrat Amendment.

(e) Procurement

Any procurement implications arising directly from revenue or capital bids will be considered and addressed as part of each individual project.

(f) Consultation and communication

Consultation with tenant and leaseholder representatives is an integral part of the Housing Scrutiny Committee process. The views of tenants and leaseholders, in respect of investment priorities, were sought as part of the last STAR tenants and leaseholder survey, and the outcome continues to inform investment priorities, and therefore, this budget process.

(g) Community Safety

Any community safety implications are outlined in the HRA Budget Setting Report 2017/18, appended to this report, as amended by this Liberal Democrat Amendment.

4. Background Papers

These background papers were used in the preparation of this report:

Housing Revenue Account Budget Setting Report 2016/17

Housing Revenue Account Medium Term Financial Strategy 2016/17

5. Appendices

- Amended Sections and Extracts of the HRA BSR 2017/18
- Appendix A – Business Planning Assumptions
- Appendix D (1) - Amended 2017/18 Budget - HRA All Revenue Items
- Appendix J - Amended HRA Summary Forecast 2016/17 to 2021/22

6. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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Housing Scrutiny
Committee

Housing Revenue Account
Budget Setting Report
2017/18
Liberal Democrat
Amendment
– Amended or Re-Stated
Content Only



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Version Control

	Version	for :	Anticipated Content
	1	Draft	Draft content for consultation
	2	Housing Scrutiny Committee 18 January 2017	Member Scrutiny Tenant and Leaseholder Representative Input Amendments to Executive proposals Opposition budget amendment proposals Rents and Service Charges approved Revenue budgets considered and approved
Current	2a	Housing Scrutiny Committee 18 January 2017	Liberal Democratic Budget Amendments
	3	Council Meeting 23 February 2017	The Executive Councillor for Housing's recommended final budget proposals Capital budgets considered and approved
	4	FINAL	Final version for publication following Council

Section 1

Introduction

Secondary Foreword by the Opposition (Liberal Democrat) Spokesperson for Housing

Our proposals for an amendment to the 2017/18 Budget seek to mitigate and plan for the current and future effects of the change in the profile of the tenants of City Homes. As noted by the Executive Councillor for Housing, those we are housing are increasingly vulnerable and in need of access to support services. We agree with the assertion made by the Executive Councillor in this context that “it is imperative that as a council we continue to ensure that Cambridge remains a place where all can live and flourish”.

Because of the pressures being placed on the HRA by the miscellany of unwanted government measures and plans, the council has been required to undertake a fundamental review of housing services, resulting in the Housing Transformation Programme. The savings proposed to be made in Housing Services arising from this, involve a review of staffing structures and operational costs and staffing changes are to be expected. The detail of these changes, and how they may affect services, is not yet available.

We wish to ensure that during the process of the review of staffing we safeguard the services offered to our most vulnerable tenants, at least to current levels, and make provision for the inevitable growth of this cohort of tenants. We want to avoid valuable resources being lost in the forthcoming restructuring which would soon afterwards need replacing and expanding. Our proposal allows for dedicated officer resource to be ensured in tenant support and financial inclusion and provides some funding for training to be given to existing officers. This latter point reflects the approach being followed through the Housing Transformation Programme for officers to be more joined up in their way of working, with a strengthening of inter-dependencies between the various elements of the Housing Advice Service.

Although the primary motivation here is to ensure continuity of service levels to a growing number of vulnerable tenants it should not be ignored that a better supported and sustainable tenant base has direct financial benefits for the council. Lower levels of arrears, for example, can be achieved through early intervention and support.

Funding for this measure is achieved through a marginal reduction in the amount set-aside each year to assist with the restructuring of the debt when it comes time to refinance. The policy on debt set-aside is already up for review and that review should continue as planned. With the boost in revenues to the HRA to be delivered by the new council homes built via the Devolution Deal, the long-term effect on the position of the council at the point of refinancing its external debt is affected only slightly, if at all.

Section 4 (Part)

Housing Revenue Account Budget

Overall Budget Position - 2017/18 onwards

Overall Budget Position

The overall revenue budget position for the Housing Revenue Account is summarised in the table below, with detail for the period to 2020/21 provided in **Appendix D (1)**:

Proposal Type	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Target Included	1,000,000	1,000,000	0%	0%	0%
Reduction required to meet Current Savings Target	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000
2017/18 Budget Items					
Transformation Savings	(560,500)	(656,300)	(656,300)	(656,300)	(656,300)
Savings	(206,900)	(206,900)	(206,900)	(206,900)	(206,900)
Transformation Increased Income	(314,100)	(339,100)	(369,100)	(369,100)	(369,100)
Increased Income	(266,340)	(266,340)	(266,340)	(266,340)	(266,340)
Unavoidable Revenue Pressures	88,800	88,800	88,800	88,800	88,800
Reduced Income	17,500	17,500	17,500	17,500	17,500
Bids	100,000	100,000	100,000	100,000	100,000
Net Savings Position (above) / below	(141,540)	737,660	707,660	707,660	707,660

Savings Requirement					
Non-Cash Limit Adjustments	(289,540)	363,450	364,990	366,500	367,820
Net Position for the HRA (above) / below overall assumptions	(431,080)	1,101,110	1,072,650	1,074,160	1,075,480

Non-Cash Limit Budgets

Non-Cash Limit items are those that do not relate directly to the cost of service provision, including for example direct revenue funding of capital expenditure (DRF), investment income and depreciation. These items are treated outside of the 2017/18 cash limit, with the implications built into the financial forecasts for the HRA as part of the budget process, informing future budget strategy, savings targets and investment priorities. Full details of these for the period to 2020/21 are given in **Appendix D (1)**.

Performance against Savings Target

As in previous years, a savings target for the HRA as a whole was adopted. The target of £1,000,000 from 2017/18 and a further £1,000,000 from 2018/19 was set in the context of significant uncertainty in a number of areas of national housing policy. The need to reduce rents by 1% across all social rented housing for a further 3 years is confirmed, and this alone has a significant impact on the future projections for the HRA.

For 2016/17, the majority of savings required have been identified as part of the Housing Transformation Programme, which is the subject of a separate report to Housing Scrutiny Committee in this committee cycle.

These savings are summarised separately in the table above, alongside any additional proposals for 2017/18 which are included for decision as part of the HRA Budget Setting Report. Detail of these savings can be found in **Appendix D (1)**.

Additional savings that have been identified for 2017/18 are partially offset by the HRA reacting to unavoidable revenue pressures, and a proposal to fund a bid to provide additional staffing support for vulnerable tenants. The net position is an over-achievement against the savings target for 2017/18 of £431,080. With the new savings target of a further £1,000,000 included from 2018/19, the current proposals would result in the need to identify a further £1,101,110 from 2018/19, to meet this target, reducing to £1,072,650 from 2019/20, but increasing marginally thereafter. Again, detail of these can be found in Appendix D (1).

No further savings target has been included for the years from 2019/20 onwards, recognising that the current Housing Transformation Programme will significantly reduce expenditure in the HRA, and that there is a critical mass which will need to be retained. This approach will be reviewed as part of the 2017/18 Medium Term Financial Strategy, by which point the impact of changes in national housing policy should be clear.

The result of corporate transformation activity may have a financial impact for the HRA in many cases, but the detail is not always available at the outset of each project. It is difficult to fully predict the impact in monetary terms of savings to the HRA from indirect service reviews, as the detail surrounding revised recharging mechanisms is not usually completed until the after the transformation activity is complete and resulting changes have been made. For prudence, any anticipated savings to the HRA are only included once the activity is confirmed corporately as being far enough progressed that some certainty can be given to the incidence of impact between the General Fund and the HRA.

Transformation Fund

For 3 years from 2016/17 a budget of £120,000 per annum was included in the Housing Revenue Account, to allow investment in service transformation projects and in spend to save initiatives, in light of the major changes in national housing policy.

The budget is being utilised to deliver the Housing Transformation Programme, and will need to meet any cost of change that service transformation incurs, including the potential for exit costs incurred as part of major service restructuring.

The responsibility for identification and approval of funding for suitable projects for this resource to be invested in, whether one-off, or ongoing in nature, is delegated to the Strategic Housing Advisor, who has specific responsibility for transformation of housing services, to ensure that the authority continues to meet statutory obligations and has a housing offer which is fit for purpose.

Section 6

HRA Treasury Management

Background

Statutorily, the Housing Revenue Account is required to set a balanced budget, including recognition of the revenue implications that arise from capital financing decisions, and is also required to review this budget again during each year.

The Housing Capital Investment Plan provides an indication of any borrowing requirement, ensuring that this can be incorporated in the Council's overall borrowing assumptions and Treasury Management Strategy.

HRA Borrowing

As at 1 April 2016, the Housing Revenue Account supported external borrowing of £213,572,000 in 20 maturity loans with the Public Works Loans Board (PWLB), with rates ranging between 3.46% and 3.53% depending upon the term of the loan. The loans have varying maturity dates, with the first £10,678,600 due to be repaid on 28th March 2038, and the last on 28th March 2057.

In addition to the external loans attributable to the HRA, there was the sum of £884,511 of internal borrowing from the General Fund, where the HRA is required to pay the General Fund annual interest on the debt, at a reasonable rate, as part of the Item 8 Debit to the HRA.

The Housing Revenue Account is still subject to an overall debt cap of £230,839,000, which allows borrowing headroom of £16,090,750. With the impact of anticipated changes in national housing policy incorporated into financial plans, additional borrowing is unlikely to be called upon in the short-term. The financial forecasts suggest that the authority will be forced to utilise this borrowing power in the later years of the business plan simply to maintain the existing property portfolio in a decent condition, unless assumptions change or further savings can be identified across the HRA in the intervening period.

If devolution goes ahead, a different approach to using the borrowing headroom may be adopted, as the additional homes delivered through this mechanism may be sufficient to support the additional borrowing as part of their creation.

However, with Devolution yet to be finally agreed, the 2017/18 HRA Budget Setting Report does not review the potential sources of lending, types of borrowing, lengths of loans or rates available, for taking out any additional borrowing at this stage.

Debt Repayment / Re-Investment

Set-Aside for Repayment of HRA Debt

The previous debt repayment strategy has been to attempt to set-aside sufficient resource to redeem 25% of the HRA debt from the point at which the loan portfolio begins to mature, in 2037/38. As part of this HRA Budget Setting Report, it is proposed to reduce the level of set-aside marginally, to 23.5% of the value of debt, to allow financing of additional dedicated staffing input for vulnerable tenants, from 2017/18.

The approach to set-aside for debt redemption will be fully reviewed as part of the Housing Transformation Programme, with the expectation that further recommendations in this regard will be included in the Medium Term Financial Strategy in September 2017.

To retain flexibility, any surplus generated since April 2012, and any further resource that can be identified for future debt repayment, is not formally set-aside, but is instead held in an ear-marked reserve to allow for either repayment of debt or future re-investment.

Section 7 (Part)

Summary and Overview

Options and Conclusions

Overview

The budget for 2017/18 has been constructed in the wider context of the national position for social housing, with the authority still seeking to achieve a balance in investment against the previously agreed priorities:

- Investment in the existing housing stock
- Investment in new affordable housing
- Investment in new initiatives and income generating activities
- Spend on landlord services (i.e. housing management, responsive and void repairs)
- Spend on discretionary services (i.e. support)
- Support for, and potential repayment of a proportion, of housing debt

Continued rent cuts for a further 3 years, coupled with uncertainty in respect of regulation for some other changes in national housing policy, still pose significant financial challenges for the future of the HRA.

The work being undertaken as part of the Housing Transformation Programme seeks to respond to these financial challenges, with a number of recommendations for significant service change, the subject of a separate report in this committee cycle, being proposed from 2017/18.

Other Considerations – Pension Fund Contributions

The council is an employing authority within the Cambridgeshire Local Government Pension Scheme. Contributions to the scheme are subject to revision following regular triennial valuations. The latest valuation, which will determine contributions for the years 2017/18, 2018/19 and 2019/20, is now available in draft and is subject to discussion and agreement with the scheme actuary. Initial indications are that pension contribution rates will be agreed within available budgets for these years and therefore no budget proposals are required.

The council has the opportunity to consolidate lump sum deficit recovery payments due in the three year period into one payment in 2017/18. This would reduce the amount paid in total and is likely to provide a better 'return' on cash than is currently available through the approved investment strategy. The viability of this approach will depend on actuarial and technical accounting considerations which are currently under investigation.

Summary and Conclusions

The work undertaken as part of both the Housing Transformation Programme and the 2017/18 budget process to date, has resulted in the development of proposals for the base budget of the Housing Revenue Account.

In January 2017 Housing Scrutiny Committee will consider the budget proposals, prior to the Executive Councillor for Housing making decisions in respect of the revenue aspects of the budget, making recommendation for the housing capital budget for 2016/17 to 2021/22 to Council for consideration and approval.

The HRA Budget Setting Report recommends, in summary:

- Approval of property rents, garage and parking space rents and service charges
- Approval of the revised budget proposals

- Approval of the unavoidable revenue pressure proposals
- Approval of the housing transformation proposals
- Approval of the general savings proposals
- Approval of increased income proposals
- **Approval of revenue bids**
- Approval of the non-cash limit items
- Approval of the capital bids, revised scheme costs and timings
- Approval of capital resource re-allocation

The meeting of Council on 23rd February 2017 will consider the final proposed Housing Capital Budget as identified in this report for approval.

A significant proportion of the savings identified in the HRA from 2017/18 are brought forward as part of the Housing Transformation Programme, which seeks to ensure a sustainable HRA over the longer-term.

As part of the 2017/18 budget process, additional savings have been identified in other operational areas of the HRA, including reductions in the cost of gas servicing, reduced budgets in respect of energy initiatives and operational costs for the Independent Living Service. Increased rent and service charge income has been identified, due to higher than anticipated rental levels as a result of delays in the implementation of the higher value voids levy, full cost recovery from leaseholders and the agreed lease of an HRA dwelling for commercial purposes.

These savings are partially offset by unavoidable revenue pressures, predominantly due to loss of support income, discontinuation of the use of the Day Centre at Ditchburn Place, reduced recharges to the General Fund for shared amenities and the costs of inspections of lamp columns on housing estates, to mitigate risk.

A bid to fund additional dedicated staffing input for the most vulnerable of our residents is proposed, to be funded by a corresponding reduction in the level of resource set-

aside for potential debt redemption. The increased level of expenditure, as opposed to the resource being set-aside, and therefore invested to generate a revenue return, will have a marginal impact on the level of interest earned on HRA balances.

Non-cash limit adjustments in respect of depreciation, revenue funding of capital expenditure and anticipated interest receipts and payments reduce the net revenue cost of the HRA for 2017/18 and beyond.

The overall position for the HRA for 2017/18 (including non-cash limit adjustments) is over-achieved by £431,080, but this level of over-achievement is not ongoing, with a shortfall against the 2017/18 cash limit of £101,110 in 2018/19. With a further savings target of £1,000,000 included from 2018/19, there is currently a shortfall against the 2018/19 cash limit of £1,101,110.

It is recognised, however, that to deliver further savings, the authority may need to accept significant changes in the level at which services are provided, or in the way in which services are delivered.

The inclusion of the assumption that devolution goes ahead following approval by all 7 authorities, resulting in a programme of 500 new homes over the next 5 years, coupled with the recent announcement that the authority will not be required to make a higher value voids levy payment during 2017/18, has a positive impact on the financial forecast for the Housing Revenue Account.

The HRA's approach to long-term financial planning now incorporates the revised assumption that the majority of surplus resource will be set-aside in the first instance, until 23.5% of the loan portfolio can be redeemed at maturity, with any balance available for re-investment in income generating assets, whilst also maintaining reasonable financial assumptions in ongoing investment need in the current housing stock.

In 2017/18, the revenue resource that would have been required to fund new build expenditure should devolution not have gone ahead, less the sum of £100,000 to fund a proposed revenue bid, is proposed to be transferred into the potential debt redemption / new build reserve. This will, in part, mitigate the risk that could arise from any delay, or lead in, to delivery of new homes using devolution grant, which might otherwise result in a requirement to pay retained right to buy receipts over to central government, with an interest penalty attached. The reserve can then be called upon, if required, to allow acquisition of existing homes on the open market as has taken place in 2016/17.

There is still uncertainty in other areas of national housing policy change, with regulations surrounding the introduction of compulsory fixed term tenancies and the deferred sale of higher value voids levy still awaited. As part of welfare changes, the impact of direct payment through Universal Credit is also yet to be fully quantified and realised.

It is considered prudent, therefore, as part of the next phase of the Housing Transformation Programme in 2017/18, to review the HRA strategic priorities again once some policy change has been implemented and further detail is available in some of the areas where uncertainty still exists.

Any review of the level of savings sought for future years would need to consider not only the need to sustain a 30 year business plan, but also any aspiration for delivery of new build housing from 2022/23 onwards, and an approach as to whether the authority wants to continue to set-aside any resource for the redemption of a proportion of the housing debt.

Business Planning Assumptions

Appendix A

Business Planning Assumptions (Highlighting Changes)

Key Area	Assumption	Comment	Status
General Inflation (CPI)	1.9% for 2017/18, then 2.4% ongoing	General inflation on expenditure included at 1.9% for 2017/18, rising to 2.4% from 2018/19 ongoing, per OBR (Office for Budgetary Responsibility) forecasts.	Retained
Capital Inflation	3.7% for 3 years, 4.6%, 6.4%, then 4.5% ongoing	Based upon the BCIS forecast for the next 5 years, using an average over this period as the ongoing assumption	Retained
Debt Repayment	Set-aside 23.5% to Repay Debt	Assumes surplus is re-invested in income generating assets, with 23.5% of resource set-aside to repay debt as loans reach maturity dates, pending review of the set-aside policy as part of the Housing Transformation Programme.	Amended
Capital Investment	Reduced Partial Investment Standard	Base model assumes a reduced partial investment standard in the housing stock, compared with a basic decent homes standard. This will be reviewed again during 2017/18.	Retained
Pay Inflation	1.9% Pay Progression plus: 2017/18 – 1.0% 2018/19 – 1.0% 2019/20 – 1.0% 2% ongoing	Assume allowance for increments at 1.9%. Pay inflation for four years from 2016/17 limited to 1% reflecting recent Government guidance, and a return to 2% thereafter, reflecting economic recovery.	Retained
Employee Turnover	0% (3% transitional only)	Employee budgets assume a turnover saving of 3.0% of gross pay budget only until service restructure, at which point this assumption is removed	Retained
Social Rent Review Inflation	-1% from 2017/18 for 3 years, then CPI plus 1% for 4 years, then CPI plus 0.5% from	Rent decreases of 1% per annum in line with government guidelines from 2016/17 to 2019/20, then CPI plus 1% until the end of the 10 year period, reverting to inflation plus 0.5% after this. Assume CPI in preceding September is as above.	Retained

Key Area	Assumption	Comment	Status
	2024/25		
Affordable Rent Review Inflation	0% for 2017/18 for 3 years, then CPI plus 1% for 4 years, then CPI plus 0.5% from 2024/25	Affordable rents are expected to be reviewed annually, and re-set at up to 80% of market rent	Amended
Rent Convergence	Void Only	Ability to move to target rent achieved only through movement of void properties directly to target rent.	Retained
External Lending Interest Rate	1%, 1.11%, 1.3% then 1.36% ongoing	Interest rates based on latest market projections, including the impact of additional CCLA investment.	Amended
Internal Lending Interest Rate	1%, 1.11%, 1.3% then 1.36% ongoing	Assume the same rate as anticipated can be earned on cash balances held, so as not to detriment the General Fund over the longer term.	Amended
External Borrowing Interest Rate	2.4% for 2016/17, 2.5% for 2017/18, then 2.7% ongoing	Assumes additional borrowing using Capita predictions of PWLB rates, rising to 2.7% over the next 3 years, including assumed certainty rate.	Retained
Internal Borrowing Interest Rate	2.4% for 2016/17, 2.5% for 2017/18, then 2.7% ongoing	Assume the same rate as external borrowing to ensure flexibility in choice of borrowing route.	Retained
HRA Minimum Balances	£2,000,000	Maintain HRA minimum balance at £2,000,000, pending a review once the impact of the higher value voids levy and other housing policy changes are clear.	Retained
HRA Target Balances	£3,000,000	Maintain HRA target balance at £3,000,000, pending a review once the impact of the higher value voids levy and other housing policy changes are clear.	Retained
Right to Buy Sales	55, 50, 45, 40, 35, 30, then 25 sales ongoing	Pay to Stay expected to sustain a higher level of activity. Assume 55 for 2016/17, reducing by 5 sales per annum, until 25 are assumed ongoing.	Retained

Key Area	Assumption	Comment	Status
Right to Buy Receipts	Settlement right to buy and assumed one-for-one receipts included	Debt settlement receipts included, assuming the receipts utilised partly for general fund housing purposes. Anticipated one-for-one receipts included, but with only those received to date ear-marked for direct new build spend. Debt repayment proportion assumed to be set-aside.	Retained
Void Rates	1% for 2017/18, 0.88% for 2018/19, then 0.4% ongoing	Assumes 1% in 2017/18, reducing to 0.88%, then 0.84% from 2019/20, recognising improved void processes,	Amended
Bad Debts	0.56% for 2016/17, then 0.84% for 2017/18 and 1.12% ongoing	Bad debt provision increased by 100% long term, to reflect the requirement to collect 100% of rent directly, assuming an extension of the existing payment profile across the entire housing stock as Direct payment is implemented from 2016.	Retained
Savings Target	£1,000,000 for 2017/18 and 2018/19, then removed	2 year target included assuming the need to offset loss of rental income and sale of higher value voids. Similar pressure to reduce spending may exist longer term.	Retained
Responsive Repairs Expenditure	Adjusted pro rata to stock changes	An assumption is made that direct responsive repair expenditure is adjusted annually in line with any change in stock numbers.	Retained
Transformation Fund	£120,000 for 2 further years from 2017/18	Housing Transformation / Spend to Save Fund for 2 further years, with delegation to the Strategic Advisor to Housing.	Retained
Service Reviews	On case by case basis	Service review outcomes assumed to deliver to the HRA as indicated in the review business case.	Retained

2017/18 Budget - All HRA Revenue Items

Appendix D (1)

Savings

Housing - HRA

S3876	Savings in operational costs for City Homes	0	(15,500)	(15,500)	(15,500)	(15,500)	Tom Bremner	Nil	
<p><i>This saving includes reduced spending in respect of day to day operational and office based costs for City Homes, in areas such as utilities, purchase of equipment, stationery and telephones.</i></p>									
S3880	Savings in energy related initiatives across the HRA	0	(7,100)	(7,100)	(7,100)	(7,100)	Trevor Burdon	-L	
<p><i>It is proposed to reduce the budget for new energy related initiatives and energy efficiency promotional activity across the HRA, in line with spending levels in prior years, recognising that there is limited staffing capacity to increase activity in this area currently. Any identified increase in activity could be funded from the additional income generated from existing energy efficiency measures, such as photo-voltaic panels.</i></p>									
S3881	Reduction in gas servicing, safety inspection and maintenance contract costs	0	(197,800)	(197,800)	(197,800)	(197,800)	Lui Graziano	Nil	
<p><i>An exercise to tender for a new gas maintenance supplier has resulted in a significant reduction in anticipated contract costs, with a move to a fixed price arrangement for the basic works required. This saving benefits the HRA, as service charges to tenants have had limitations in increases over the last 12 years, and therefore the contract reduction means that service charges will now recover costs in full.</i></p>									
S3882	Reduction in costs anticipated from major restructure of the Housing Service	0	(228,700)	(305,000)	(305,000)	(305,000)	Tom Bremner	Nil	
<p><i>A significant restructure of the Housing Service is anticipated, which will deliver savings to the HRA from July 2017. These savings, along with other reductions in the HRA, are unavoidable given the need to balance the HRA on a reduced projected income, following changes imposed on the Council by Government.</i></p>									
S3886	Restructure of Estates and Facilities	0	(220,300)	(239,800)	(239,800)	(239,800)	Trevor Burdon	Nil	
<p><i>A restructure of Estates and Facilities is anticipated, which will deliver savings to the HRA from July 2017. These savings, along with other reductions in the HRA, are unavoidable given the need to balance the HRA on reduced projected income, following changes imposed on the Council by government. From 2018/19, the ongoing saving is reduced to recognise the desire for the HRA to continue to fund repairs apprentice roles, which are currently funded corporately.</i></p>									
S3887	Improved procurement using new in-house Stores Team	0	(41,500)	(41,500)	(41,500)	(41,500)	Trevor Burdon	Nil	
<p><i>Following restructure of the Stores Team, and re-location to Cowley Road, improved procurement and supply chain management are anticipated to deliver savings to both the General Fund and the HRA.</i></p>									
S3888	Restructure of the Stores Team	0	(22,200)	(22,200)	(22,200)	(22,200)	Trevor Burdon	Nil	
<p><i>A restructure of the Stores Team is anticipated to reduce staff numbers by one full time equivalent post, delivering savings to both the General Fund and the HRA.</i></p>									
S3889	Savings in operational costs for the Independent Living Service	0	(2,000)	(2,000)	(2,000)	(2,000)	Frances Swann	Nil	
<p><i>This saving includes reduced spending in respect of day to day operational and office based costs for the service, in areas such as stationery and IT costs.</i></p>									
S3892	Reduction in Resident Involvement expenditure	0	(7,800)	(7,800)	(7,800)	(7,800)	Sandra Farmer	Nil	

It is proposed to combine the Annual Report in one of the issues of Open Door, to reduce printing and mailing costs, whilst key information is still communicated. A reduction in IT and Resident Association grants is also proposed, reducing budgets in line with prior year expenditure, with no impact therefore on service levels. None

S3894	Reduction in Technical Services operational costs	0	(18,000)	(18,000)	(18,000)	(18,000)	Trevor Burdon	Nil
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A review of spending in prior years has resulted in the proposal to reduce operational budgets in this area, to include reductions in travel, printing, stationery, training, telephones and equipment purchase costs. None

S3895	Savings in the budget identified for transformation of the HRA	0	(6,500)	(6,500)	(6,500)	(6,500)	Liz Bisset	Nil
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Removal of the inflationary element of the transformation budget results in the ability to offer a saving to the HRA. None

Total Savings in Housing - HRA	0	(767,400)	(863,200)	(863,200)	(863,200)
Total Savings	0	(767,400)	(863,200)	(863,200)	(863,200)

Increased Income

Housing - HRA

II3872	Recognition of roof rental income from mobile telephone aerials installed on HRA flat blocks	0	(9,500)	(9,500)	(9,500)	(9,500)	Sandra Farmer	Nil
<p>A decision during 2015/16 to remove the ear-marked reserve in respect of aerial income to the HRA results in the ability to recognise the net income from the aerials in the HRA revenue budgets each year.</p>								
II3874	Reduction in Anti-Social Behaviour (ASB) costs to the HRA	0	(59,800)	(59,800)	(59,800)	(59,800)	Lynda Kilkelly	Nil
<p>A review of the incidence of activity between the General Fund and the HRA in respect of Anti-Social Behaviour and Community Cohesion results in a reduction in cost to the HRA, but a corresponding reallocation and increase in cost to the General Fund, ahead of a review of Anti-Social Behaviour work and priorities in 2017/18.</p>								
II3877	Introduction of tenanted service charges for Communal Electricity and Grounds Maintenance	0	(99,300)	(99,300)	(99,300)	(99,300)	Julia Hovells	Nil
<p>A proposal to separately identify and service charge tenants in flats for the supply of communal electricity and grounds maintenance services, in line with charges already passed to leaseholders, and in recognition that these services are provided to these tenants only.</p>								
II3883	Increased income in respect of Estates and Facilities Special Projects Team	0	(100,000)	(100,000)	(100,000)	(100,000)	Trevor Burdon	Nil
<p>A pilot project is underway which, if successful, will see the Special Projects Team undertaking new build housing on behalf of the HRA within existing staffing resources, and therefore generating additional income for the HRA in the form of increased capitalised staff costs. This has the potential to generate greater additional income in future years if successful.</p>								
II3884	Increase rechargeable repairs cost recovery	0	(25,000)	(35,000)	(50,000)	(50,000)	Trevor Burdon	Nil
<p>The introduction of improved working practices following the anticipated Housing Services restructure, and better charging mechanisms are anticipated to allow best cost recovery in respect of repairs that should be fully rechargeable to tenants, particularly at tenancy termination.</p>								
II3885	Increased rental income as a direct result of reduced void times	0	(30,000)	(45,000)	(60,000)	(60,000)	Julia Hovells	Nil
<p>Proposed changes to the way in which Housing Services and Estates and Facilities manage the void property process are expected to reduce void turnaround times and therefore generate higher levels of rental income.</p>								
II3893	Increased leasehold service charge income to the HRA	0	(60,000)	(60,000)	(60,000)	(60,000)	Julia Hovells	Nil
<p>Estimated service charge income for 2017/18 is expected to be higher than budgeted, due predominantly to recovery of full costs from leaseholders for building cleaning, estate services, management costs and communal repairs, where the latter is now being identified more accurately against blocks.</p>								
II3928	Increased commercial property rent income to the HRA	0	(14,100)	(14,100)	(14,100)	(14,100)	Julia Hovells	Nil

Additional rent income is anticipated in 2017/18 in respect of HRA commercial property, as a direct result of a decision to lease the "Engineer's House" on Riverside to the Museum of Technology as a commercial concern, coupled with anticipated rent reviews for existing leases.

II3929	Increased dwelling rent income to the HRA	0	(182,740)	(182,740)	(182,740)	(182,740)	Julia Hovells	Nil
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Additional rent income is anticipated in 2017/18 as a direct result in the delay in the release of regulations in respect of the Government's proposal to impose their higher value voids levy. This may increase if the regulations are further delayed, or result in a levy that is different to our current assumptions.

Total Increased Income in Housing - HRA	0	(580,440)	(605,440)	(635,440)	(635,440)
Total Increased Income	0	(580,440)	(605,440)	(635,440)	(635,440)

Unavoidable Revenue Pressure

Housing - HRA

URP3873	Increased legal costs in respect of Anti-Social Behaviour	0	5,800	5,800	5,800	5,800	Lynda Kilkelly	Nil
<p><i>An increase in ongoing legal fees associated with Anti-Social Behaviour is anticipated based upon recent activity.</i></p>								
URP3890	Increase in anticipated price for lamp column inspection and maintenance contract	0	17,100	17,100	17,100	17,100	John Horwood	Nil
<p><i>The City Council needs to contract for the planned inspection and maintenance of lamp columns on housing owned land, which is considered unavoidable as it is anticipated to mitigate the likelihood of insurance claims. There is a need to increase the budget originally identified for this work, based upon the latest market indications on price.</i></p>								
URP3891	Reduction in the recharge to the General Fund from the HRA for shared amenities	0	19,300	19,300	19,300	19,300	Julia Hovells	Nil
<p><i>A review of the recharge between the General Fund and the HRA for contribution towards shared amenity costs has resulted in a reduction in costs to the General Fund, and an increase in costs to the HRA.</i></p>								
URP3947	Adjustment to saving expectation already incorporated into the HRA	0	23,500	23,500	23,500	23,500	Julia Hovells	Nil
<p><i>Recognition that the HRA has not received the full level of savings anticipated as their share of corporate transformation and shared services. The level of saving the HRA anticipates receiving as a result of corporate change is estimated when a project is commissioned and incorporated into financial projections. The final incidence of saving between the General Fund and the HRA is fully quantified once a project is complete.</i></p>								
URP3950	Change to the calculation of holiday pay for employees	0	23,100	23,100	23,100	23,100	Deborah Simpson	Nil
<p><i>Following changes to the way in which holiday pay should now be calculated, to include overtime, allowances and commissions in addition to basic pay, the increased cost of amending the holiday pay calculation (based upon 2015/16 costs) is estimated to be an extra total cost to the Council of £70,000, of which £23,100 relates to the HRA.</i></p>								

Total Unavoidable Revenue Pressure in Housing - HRA

0 88,800 88,800 88,800 88,800

Total Unavoidable Revenue Pressure

0 88,800 88,800 88,800 88,800

Reduced Income

Housing - HRA

RI3878	Reduction in income at Ditchburn Place due to discontinuation of Day Centre Services	0	10,100	10,100	10,100	10,100	Laura Wilderspin	Nil
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Due to the County Council discontinuing the provision of Day Centre Services at Ditchburn Place in late 2015, as part of a county-wide review of services, the City Council is no longer receiving the level of income previously received from the County Council under a lease, for the provision of site base services to the Day Centre. The premises are currently unused, but still leased on a peppercorn basis to the County Council under a historic lease. Discussions are ongoing with the County Council about the future use of this facility. None

RI3879	Reduction in income from Housing Agencies for the Emergency Alarm Service	0	7,400	7,400	7,400	7,400	Frances Swann	Nil
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Due to the removal of / reduction in Supporting People funding from the County Council to a number of housing providers, the housing providers have been forced to reduce service levels, and are no longer able to buy in emergency alarm and response services from the Independent Living Service. This bid includes the assumption that payment to the County Council for provision of the out of hours response service remains at 2016/17 prices. None

Total Reduced Income in Housing - HRA

0	17,500	17,500	17,500	17,500
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Total Reduced Income

0	17,500	17,500	17,500	17,500
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Bids

Housing - HRA

LIBDEM1	Inclusion of resource for additional dedicated staffing to support vulnerable tenants	0	100,000	100,000	100,000	100,000	Tom Bremner	Nil
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Due to recognition of the marked change in the demographic of our tenants, with 60% of tenants currently unemployed, 25% suffering with illness or disability and just under 40% being over the age of 65, additional resource is proposed to provide support to these potentially vulnerable groups. This resource will be used to fund 1.5 FTE additional dedicated staff, and to provide enhanced training in this area for the existing staff team to ensure that current levels of service to the most vulnerable of our tenants are at least maintained and, to the extent possible, expanded to anticipate a rising need for support of this nature. None

Total Bids- HRA	0	100,000	100,000	100,000	100,000
Total Bids	0	100,000	100,000	100,000	100,000

Non-Cash Limit Items

Housing - HRA

NCL3937	Increase in HRA Depreciation	0	548,770	548,770	548,770	548,770	Julia Hovells	Nil
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From April 2017, the true cost of depreciation for the housing stock will be reflected in the accounts. This cash limit adjustment will ensure the latest estimate is incorporated based upon recent market valuations and remaining asset lives, to include the impact of new build homes delivered. None

NCL3948	Reduction in Direct Revenue Financing (DRF) as a result of depreciation changes and adoption of devolution	0	(5,738,950)	0	0	0	Julia Hovells	Nil
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Reduction in Direct Revenue Funding of capital expenditure as a direct result of the increase in depreciation from April 2017, now coupled with the assumption the authority will also begin to receive devolution funding from April 2017. None

NCL3949	Increased interest due to the HRA and reduced interest payable by the HRA	0	(54,230)	(5,320)	(3,780)	(2,270)	Julia Hovells	Nil
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Based upon balances held and assumed spending, the HRA is expected to receive more interest in 2017/18 than previously anticipated. The level of interest payable to the General Fund in respect of internal borrowing will be lower due to a reduction in the HRA Capital Financing Requirement. None

NCL3973	Increased income from further investment in Local Authority Property Fund (HRA share)	0	(80,000)	(80,000)	(80,000)	(80,000)	Charity Main	Nil
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Council approved a change to our Treasury Management Strategy in October 2016 which permits a further £5m to be invested in the Local Authority Property Fund. This will also generate additional HRA investment income above our base forecast. None

NCL3982	Transfer of additional revenue resource into the HRA Potential Debt Redemption / Re-Investment Reserve in 2017/18 and reduced thereafter to set-aside 23.5% of debt	0	5,034,870	(100,000)	(100,000)	(100,000)	Julia Hovells	Nil
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With a reduced call on Direct Revenue Funding of capital expenditure in 2017/18 as a direct result of devolution, it is proposed to instead transfer the resource into this reserve, to allow for the top up of right to buy receipts should the authority be required to acquire dwellings on the open market if insufficient new build can be delivered during 2017/18. The level of debt set-aside will be reduced to 23.5%, pending the findings of the wider strategic review of the approach to treasury management for the HRA. None

Total Non-Cash Limit Items in Housing - HRA		0	(289,540)	363,450	364,990	366,500		
Total Non-Cash Limit Items		0	(289,540)	363,450	364,990	366,500		
Report Total		0	(1,431,080)	(898,890)	(927,350)	(925,840)		

HRA Summary 2016/17 to 2021/22

Appendix J

Description	2016/17 £0	2017/18 £0	2018/19 £0	2019/20 £0	2020/21 £0	2021/22 £0
Income						
Rental Income (Dwellings)	(36,799,670)	(36,596,900)	(36,311,480)	(36,116,230)	(37,309,610)	(38,573,830)
Rental Income (Other)	(1,086,020)	(1,119,500)	(1,146,370)	(1,173,880)	(1,202,050)	(1,230,900)
Service Charges	(2,573,880)	(2,724,240)	(2,784,480)	(2,846,170)	(2,909,340)	(2,974,020)
Contribution towards Expenditure	(3,270)	(3,360)	(3,440)	(3,520)	(3,610)	(3,690)
Other Income	(471,750)	(456,960)	(461,270)	(465,530)	(469,720)	(473,850)
Total Income	(40,934,590)	(40,900,960)	(40,707,040)	(40,605,330)	(41,894,330)	(43,256,290)
Expenditure						
Supervision & Management - General	3,598,890	3,638,300	3,734,150	4,008,400	4,156,270	3,276,630
Supervision & Management - Special	2,458,890	2,454,880	2,518,200	2,583,160	2,659,140	2,737,480
Repairs & Maintenance	7,038,190	6,218,580	6,370,750	6,562,850	6,830,020	7,162,070
Depreciation – t/f to Major Repairs Res.	9,803,750	9,857,820	10,362,540	10,844,900	11,351,600	11,884,290
Debt Management Expenditure	0	0	0	0	0	0
Other Expenditure	3,196,120	3,361,230	2,553,910	2,629,400	2,722,530	2,818,370
Total Expenditure	26,095,840	25,530,810	25,539,550	26,628,710	27,719,560	27,878,840
Net Cost of HRA Services	(14,838,750)	(15,370,150)	(15,167,490)	(13,976,620)	(14,174,770)	(15,377,450)
HRA Share of operating income and expenditure included in Whole Authority I&E Account						
Interest Receivable	(353,600)	(423,530)	(523,230)	(646,330)	(712,770)	(796,480)
HRA (Surplus) / Deficit for the Year	(15,192,350)	(15,793,680)	(15,690,720)	(14,622,950)	(14,887,540)	(16,173,930)

Items not in the HRA Income and Expenditure Account but in the movement on HRA balance						
Loan Interest	7,522,470	7,516,350	7,518,120	7,518,120	7,518,120	7,518,120
Housing Set Aside	0	10,169,740	2,467,440	2,467,440	2,467,440	2,467,440
Appropriation form Ear-Marked Reserve	(13,200)	(500,000)	0	0	0	0
Depreciation Adjustment	(1,566,060)	0	0	0	0	0
Direct Revenue Financing of Capital	10,757,900	925,520	0	0	0	0
(Surplus) / Deficit for Year	1,508,760	2,317,930	(5,705,160)	(4,637,390)	(4,901,980)	(6,188,370)
Balance b/f	(9,790,590)	(8,281,830)	(5,963,900)	(11,669,060)	(16,306,450)	(21,208,430)
Total Balance c/f	(8,281,830)	(5,963,900)	(11,669,060)	(16,306,450)	(21,208,430)	(27,396,800)