

Agenda Item No 10

Resources Board

30 January 2017

Report of the
Deputy Chief Executive

General Fund Revenue Estimates
2017/18 – Summary

1 Summary

- 1.1 This report covers the revised budget for 2016/17 and an estimate of expenditure for 2017/18, together with forward commitments for 2018/19, 2019/20 and 2020/21.

Recommendation to the Board

That the following items be recommended to the Executive Board for consideration in setting the Council Tax of the Borough Council:

- a The revised budget for 2016/17; and
- b To approve the schedule of expenditure requirements totalling £8,364,770 for 2017/18.

2 Introduction

- 2.1 This report summarises Board budgets and looks at the overall expenditure requirements of the Council. It should be noted that neither the Executive Board or the Planning and Development Board has yet considered their spending requirements, so these figures could alter.

3 The Council's Budget Requirement

- 3.1 The Council's budget requirements are summarised below. Details of individual Board requirements are shown in Appendices A – E.

	Approved Budget 2016/17	Revised Budget 2016/17	Original Estimate 2017/18
Net Service Expenditure	9,952,460	9,642,570	9,202,670
Financing Adjustment	(888,010)	(973,420)	(876,900)
Investment Interest Income	(180,000)	(120,000)	(80,000)
Revenue Contribution to Capital Expenditure	119,000	119,000	119,000
Net Expenditure Requirement	9,003,450	8,668,150	8,364,770

3.2 The financing adjustment brings together other external charges for the use of capital, offset by notional capital charges incorporated within the spending services accounts.

4 **Capital Charges**

4.1 In providing services, the Council makes use of a wide range of assets, including buildings, vehicles and computer systems. Each service budget is charged with an amount that represents the cost to the Council of providing that asset, in the form of depreciation.

5 **The Council's 2016/17 Estimated out-turn**

5.1 The Council's revised net expenditure requirement for 2016/17 amounts to £8,668,150 which is £335,300 less than the approved estimate. The major changes in Board expenditure are set out below.

5.2 There has been a significant reduction in employee costs, for a number of reasons. Vacancy levels have been above the vacancy factor, largely as a result of some staffing savings that have been found early. In addition there has been a reduction in superannuation resulting from staffing changes, some national insurance provision that isn't required, the deletion of some posts and staff car savings. These were partially offset by the use of agency staffing and increased costs on refuse and recycling.

(£194,310)

5.3 Premise costs have decreased at Innage Park due to lower utility costs and NDR following lower vacancy levels. In addition there are savings in wheeled bin costs and utility costs at leisure centres. These have been partially offset by additional asbestos removal costs on Amenity Cleaning.

(£46,100)

5.4 Premise costs relating to the old Coleshill Leisure Centre site prior to its sale and the Atherstone Guide Hut have been incurred.

£43,350

5.5 Supplies and services costs have increased due to appeal costs within Development Control and payments to NBBC for the shared management arrangements in Revenues and Benefits (covered from salary savings). These have been partially offset by a saving from the Building Control Partnership due to an improved financial trading position.

£81,680

5.6 There has been an increase in the haulage costs on recycling, partly offset by an increase in recycling credits.

£36,090

5.7 There has been a reduction in vehicle fuel costs.

(£13,850)

- 5.8 There is a one off saving on members' allowances. (£11,050)
- 5.9 Additional income has been generated from the introduction of charging for Borough Care. In addition some vacant units have been let at Innage Park and higher legal fee income from Council Tax collection is expected. There is also a contribution received for Local Authority Data Share Programme funding for Revenues and Benefits work and some income relating to the Revenues and Benefits shared service with NBBC. These have been partially offset by a reduction in planning fee income. (£142,320)
- 5.10 A lower level of investment income has been generated due to falls in interest rates. £40,210
- 5.11 A lower level of prudential borrowing repayments has been required due to the delay in replacing vehicles. (£130,610)

6 The Council's 2017/18 Expenditure Requirement

- 6.1 The Council's net expenditure requirement for 2017/18 amounts to £8,364,770, which is £638,680 less than the approved estimate for 2016/17 and £303,380 less than the revised estimate. The main variations between the 2017/18 original budget and the 2016/17 revised budget are set out below.
- 6.2 A list of savings can be found in Appendix F. All savings are included within the other variance lines below.
- 6.3 Provision has been made for those posts that were vacant in 2016/17, a pay award of 1%, an increase of 0.75% in the superannuation rate and the payment of annual increments. This has been partially offset by increasing the vacancy factor back to its original level, the reductions due to deleted posts and a reduction in some agency budgets. £57,680
- 6.4 A number of one off costs have been removed, such as the provision for planning appeals, the car park survey, the strategic leisure review and Her Majesty's Birthday. (£168,190)
- 6.5 Reinstatement of the full members allowances. £16,800
- 6.6 Additional income has been generated due to the full year effect of charging for Borough Care, as well as income generated as a result of the decision to charge for new and replacement bins. There are also inflationary increases on other services. These have been offset by a small reduction in legal fee income on business rates.

(£290,770)

- 6.7 Additional costs of borrowing to fund the proposed capital programme. £44,710
- 6.8 Additional provision has been included within the contingency. £47,740
- 6.9 There has been an increase in the net cost of housing benefit, together with a loss of administration grant for housing benefit and council tax support. £32,270
- 6.10 Lease costs have reduced due to the full year effect of closing the toilets, however there has been an increase in the lease payment relating to Innage Park. (£17,960)

7 Growth Items Contained Within the Estimates

- 7.1 Limited provision for growth was included within the Council's Budget Strategy, approved in September 2016 by the Executive Board, to cover additional costs on insurance premiums, the contribution to the West Midlands Combined Authority, insurance premium tax changes and refuse and recycling costs which will continue into 2017/18.

8 Contingencies

- 8.1 The Council includes within its budget requirement an amount to cover future events and issues that may impact upon the finances of the Authority. For 2017/18 the amount included in the contingency totals £59,450. This is £47,740 higher than the 2016/17 revised estimate; the change is due to the provision for the apprentice levy and some funding held whilst a divisional restructure is completed. In addition a provision of £15,000 has been included, in case the Council has the opportunity to participate again in the Women's International Cycle Race, following its success last year.

9 Risks to the Council

- 9.1 The key risks to the overall budgetary position of the Council are highlighted below:
- A pay award of 1% has been assumed in preparing the budgets. Any settlement above or below this would affect the financial position of the Authority. A ½% variation would equate to £40,250.
 - A vacancy factor of £175,000 has been included within the overall estimates. Should vacancies be less than expected, additional costs will be borne by the Authority.

- There are potential additional costs for the Council in carrying out its planning function. If the Council loses a planning appeal, an award of costs can be made against the Council (the appellants costs for the appeal). If the Council consistently loses appeals it will become a designated authority, which means that prospective applicants can submit their applications directly to the planning directorate. This would mean the Council would lose the accompanying planning fee.
- Council expenditure on housing benefit is significant, although the majority is recouped through grant. The transfer of housing benefit into the universal credit administered nationally will impact on council resources.
- The current economic situation could have an increasing impact on the industrial rent income that the Council can obtain. In addition, the NDR on vacant commercial properties will impact directly on the Council's costs.
- The economic situation could also impact on other Council services such as Homelessness, with increased demand leading to additional expenditure.
- The Council is promoting recycling activities across the Borough. Reductions in income for recycling materials could add to the existing costs of the service.
- Limited budgetary provision is available for one off spending on areas such as public enquiries on planning, un-adopted roads and contaminated land issues.
- Reduction or cessation of grants received for Community Development work could impact on the ability of the Council to meet some corporate priorities, as could failure to secure funding for the Branching Out Bus in future years.
- Deterioration of the Council's assets could require costly remedial action, and could also impact on the ability of some services to generate income. Income generation could also be affected more widely by the current economic position.

9.2 A risk analysis of the likelihood and impact of the risks identified above are included in Appendix G.

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10 Future Years Forecasts

10.1 In order to assist with medium term financial planning, Members are provided with budget forecasts for the three years following 2017/18. The table below provides a summary:

	Original Estimate 2018/19	Original Estimate 2019/20	Original Estimate 2020/21
Net Service Expenditure	9,345,240	9,740,440	10,034,130
Financing Adjustment	(838,200)	(795,890)	(578,990)
Investment Interest Income	(50,000)	(70,000)	(120,000)
Revenue Contribution to Capital Expenditure	119,000	119,000	119,000
Net Expenditure Requirement	8,576,040	8,993,550	9,454,140

10.2 The forecasts given above have used a number of assumptions, which include pay awards of 2% in 2018/19 to 2020/21, increases in contracts and general increases in supplies and services of 2% in 2019/20. In total, net expenditure is expected to increase by 2.5% in 2018/19, by 4.9% in 2019/20 and by 5.1% in 2020/21. These figures do not include any savings. Executive Board will need to decide on the level of savings required, when taking future financing decisions.

10.3 These forecasts are built up using current corporate and service plans. Where additional resources have already been approved, these are already included. However these forecasts will be amended to reflect any amendments to the estimates, including any decisions taken on any further corporate or service targets.

11 Budget Consultation

11.1 A meeting with Non-Domestic Rate Payers is scheduled for 2 February and any comments will be reported to the Executive Board.

12 Report Implications

12.1 Finance and Value for Money Implications

12.1.1 As detailed in the body of the report.

12.2 Environment and Sustainability Implications

12.2.1 Continuing the budget strategy will allow the Council to manage its expected shortfall in resources without disruption of essential services.

12.3 Risk Management Implications

12.3.1 There are a number of risks associated with setting a budget, as assumptions are made on levels of inflation and demand for services. To minimise the risks, decisions on these have been taken using past experience and knowledge, informed by current forecasts and trends. However, the risk will

be managed through the production of regular budgetary control reports, assessing the impact of any variances and the need for any further action.

12.4 Equality Implications

12.4.1 To ensure equality implications are identified and how they may affect different groups in the community equality assessments should be carried out when budgets are being assessed. This will ensure any negative impact is identified and revised as appropriate.

The Contact Officer for this report is Nigel Lane (719371).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

NORTH WARWICKSHIRE BOROUGH COUNCIL

PLANNING AND DEVELOPMENT BOARD

SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2015/2016 £	Approved Budget 2016/2017 £	Revised Budget 2016/2017 £	Original Budget 2017/2018 £
4009	Planning Control	(25,056)	(41,250)	91,310	(72,210)
4010	Building Control	23,475	50,000	4,580	20,000
4012	Conservation and Built Heritage	20,417	32,230	30,560	32,090
4014	Local Land Charges	(31,751)	(34,520)	(33,940)	(23,180)
4018	Street Naming and Numbering	1,870	900	900	920
	Net Controllable Expenditure	(11,045)	7,360	93,410	(42,380)
	Departmental Support	108,922	118,540	109,260	105,500
	Central Support	165,252	179,640	171,730	173,370
	Capital Charges	14,201	16,390	16,390	16,390
	Planning and Development Board Total	277,330	321,930	390,790	252,880

NORTH WARWICKSHIRE BOROUGH COUNCIL
COMMUNITY AND ENVIRONMENT BOARD
SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Codes	Description	Actual 2015/2016 £	Approved Budget 2016/2017 £	Revised Budget 2016/2017 £	Original Budget 2017/2018 £
3072	Polesworth Sport Centre	87,856	67,660	72,130	65,550
3074	Arley Sports Centre	133,804	120,180	121,210	84,840
3075	Coleshill Leisure Centre	134,596	104,990	111,080	112,440
3077	Atherstone Leisure Complex	185,438	148,090	130,000	120,570
3082	Memorial Hall	91,247	95,440	93,530	95,520
4,002	Public Health (Commercial Pollution Control)	199,893	196,220	197,170	200,630
4003	Public Health (Domestic Pollution Control)	38,328	46,150	53,170	47,280
5000	Domestic Refuse Collection	762,677	634,900	670,030	652,490
5001	Streetscene Grounds Maintenance	66,634	31,620	5,050	18,030
5002	Trade Refuse Collection	(40,175)	(51,570)	(36,650)	(37,760)
5003	Cesspool Emptying	(59,540)	(64,800)	(59,450)	(64,770)
5004	Recycling	668,489	659,800	694,540	714,210
5010	Amenity Cleaning	491,048	483,230	472,130	478,890
5013	Unadopted Roads	3,352	7,600	7,600	7,750
5014	Flooding And Land Drainage	778	-	-	-
5015	Street Furniture	956	1,280	1,280	1,310
5016	Atherstone Market	2,163	1,640	1,700	1,680
5019	Green Space Budget	424,167	387,790	399,040	397,810
5021	Public Health (Control of Disease) Act 1984 Burials	6,110	-	1,430	-
5023	Consultation	614	4,470	4,470	4,560
5025	Corporate Policy	15,487	13,390	39,320	40,410
5030	Rural Regeneration	17,584	17,020	23,110	27,750
5034	Landscape	8,684	8,800	8,800	8,800
5040	Marketing and Market Research	8,658	63,600	63,600	8,510
5044	Support to Voluntary Organisations	84,822	82,140	67,100	53,100
5051	Young People and Intergeneration	20,363	38,260	28,200	-
5052	Community Development Environment	9,158	27,880	18,060	-
5054	Social Inclusion and Sport	24,795	31,690	18,430	-
5055	Community Development Health Improvement	33,249	27,570	41,090	39,940
5056	Community Development Safer Communities	28,252	50,870	48,760	59,520
5059	Allotments and Biodiversity	110	-	-	-
5064	QE - Artificial Grass Pitch	(6,987)	(7,620)	(7,440)	(7,120)
7700	Stronger & Safer Communities	-	-	-	-
7856	High Street Innovation Grants	-	-	-	-
	Net Controllable Expenditure	3,442,610	3,228,290	3,288,490	3,131,940
	Departmental Support	598,034	617,410	615,240	636,920
	Central Support	514,263	533,250	505,330	513,000
	Capital	1,294,899	919,630	920,020	919,030
	Net Expenditure	5,849,806	5,298,580	5,329,080	5,200,890

NORTH WARWICKSHIRE BOROUGH COUNCIL
LICENSING COMMITTEE SUMMARY
SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2015/2016 £	Approved Budget 2016/2017 £	Revised Budget 2016/2017 £	Original Budget 2017/2018 £
4000	Licensing Authority	(43,667)	(45,240)	(45,190)	(44,970)
4001	Licences and Registration	(9,942)	(16,160)	(15,280)	(8,700)
4008	Hackney Carriages	(32,184)	(25,200)	(25,680)	(9,540)
4019	Gambling Act Authority	(9,720)	(9,900)	(9,900)	(9,900)
	Net Controllable Expenditure	(95,513)	(96,500)	(96,050)	(73,110)
	Departmental Support	51,366	54,330	54,780	55,810
	Central Support	34,937	37,850	34,450	35,250
	Licensing Committee Total	(9,210)	(4,320)	(6,820)	17,950

APPENDIX D1

NORTH WARWICKSHIRE BOROUGH COUNCIL

RESOURCES BOARD (REMAINING)

SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2015/2016 £	Approved Budget 2016/2017 £	Revised Budget 2016/2017 £	Original Budget 2017/2018 £
3000	Cost of Democratic Services	387,131	387,800	360,090	377,250
3001	Election Expenses	50,685	5,220	5,170	5,220
3002	Registration of Electors	7,816	33,590	33,590	32,500
3003	Non Domestic Business Rates	(43,413)	(51,260)	(25,360)	(36,280)
3004	Council Tax Collection	(28,327)	34,010	89,740	61,890
3050	Finance Miscellaneous	5,180	-	20,000	20,000
3051	Compensation and Pension Increases	525,973	545,960	538,040	532,930
3052	Assisted Car Purchase	(844)	(490)	(260)	(260)
3054	Electricity at Work	19,281	18,000	18,000	18,360
3059	Finance Unused Land	26,282	-	43,350	2,730
3060	Corporate and Democratic Core	36,422	36,310	40,280	41,090
3061	Unallocated Central Support Services	497	103,470	30,340	105,440
3065	Coleshill Shops and Flats	(68,476)	(68,050)	(61,910)	(65,290)
3067	The Pavilions, Holly Lane	(80,596)	(80,860)	(81,240)	(81,190)
3068	Carlyon Road Industrial Estate	(99,027)	(98,460)	(97,320)	(97,640)
3069	Innage Park Industrial Estate	(109,881)	(112,690)	(152,360)	(156,400)
3070	Polesworth Workspace Units	(4,171)	(4,900)	(3,110)	(2,980)
3079	Maya Bar & Restaurant	(12,053)	(12,050)	(11,640)	(11,590)
3080	Football Stadium	-	-	-	-
3084	Homeless Persons	70,024	71,600	62,270	62,670
3089	Public Conveniences	21,774	(177,870)	(175,120)	40,630
3094	Customer Contact	6,662	15,070	13,370	15,170
3097	Rent Allowances	(59,394)	(41,450)	(99,580)	(81,900)
3098	Housing Benefit Administration and Rent Rebates	(94,427)	(49,760)	(67,850)	(65,690)
3099	Concessionary Fares	12,306	(470)	2,070	-
3101	Council Tax Support	127,576	105,660	82,630	84,170
3102	Car Parks	36,887	66,110	66,310	44,930
3111	Broadband Delivery UK	100,011	50,000	50,000	50,000
5005	Animal Control	49,679	39,040	41,700	37,830
5006	Abandoned Vehicles	1,959	1,650	1,660	1,690
5008	Private Sector Housing Assistance	21,669	3,480	3,410	4,240
5035	CCTV	7,868	(1,760)	490	(1,830)
5036	Community Support	455,604	454,650	331,000	205,470
7361	England's Rural Heart LEADER Partnership	(2,666)	(4,040)	(4,160)	(2,850)
	Net Controllable Expenditure	1,367,984	1,267,510	1,053,600	1,140,310
	Recharged to Services	(268,160)	(274,000)	(269,530)	(269,020)
	Departmental Support	946,781	969,410	945,900	1,010,390
	Central Support	994,064	1,077,150	1,051,270	1,076,110
	Capital Charges	163,918	611,450	581,630	259,790
	Resources Board (Remaining) Total	3,204,587	3,651,520	3,362,870	3,217,580

APPENDIX D2

NORTH WARWICKSHIRE BOROUGH COUNCIL

RESOURCES BOARD (RECHARGED)

SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2015/2016 £	Approved Budget 2016/2017 £	Revised Budget 2016/2017 £	Original Budget 2017/2018 £
Various	Chief Executive	197,180	187,380	186,350	188,700
Various	Deputy Chief Executive	3,853,896	4,427,420	4,354,900	4,318,840
Various	Assistant Chief Executive and Solicitor to the Council	1,245,976	1,328,480	1,339,090	1,358,620
Various	Assistant Chief Executive (Community Services)	1,283,118	1,342,120	1,327,910	1,316,680
3006-3039	Building Maintenance Fund	229,647	230,360	231,930	236,370
3040-3041	Council Offices	201,434	202,560	201,800	202,010
3043	Central Telephones	26,612	22,550	17,480	23,000
3045	Recruitment	23,934	21,710	21,710	22,140
3046	Printing and Stationery	62,690	70,270	69,790	71,930
3047	Training	18,495	88,400	29,420	90,220
3048	Depot and Stores	65,199	71,000	66,390	67,270
3110	Postal Services	65,129	68,550	68,530	69,850
3226	Central Services	258,357	271,830	250,980	247,740
3290	Information Services	666,738	678,670	668,990	684,690
3291	Procurement	64,702	66,130	67,190	67,980
3292	Staff Welfare	25,418	20,180	32,840	29,270
3300	Transport Management Account	843,370	711,630	718,480	693,880
	Net Controllable Expenditure	9,131,895	9,809,240	9,653,780	9,689,190
	Recharged to Services	(10,902,450)	(11,805,960)	(11,495,000)	(11,578,160)
	Departmental Support	33,322	29,490	29,000	27,330
	Central Support	1,438,585	1,494,230	1,405,520	1,454,940
	Capital	254,521	473,000	406,700	406,700
	Resources Board (Recharged) Total	(44,127)	-	-	-

Resources Board Summary

Description	Actual 2015/2016 £	Approved Budget 2016/2017 £	Revised Budget 2016/2017 £	Original Budget 2017/2018 £
Totals - Recharged Services	(44,127)	-	-	-
Totals - Services Remaining	3,086,337	3,651,520	3,362,870	3,217,580
Central Vacancy Factor	-	(150,000)	(70,000)	(175,820)
Increase in Insurance Premium Tax	-	7,340	-	1,400
Resources Board Total	3,042,210	3,508,860	3,292,870	3,043,160

NORTH WARWICKSHIRE BOROUGH COUNCIL
EXECUTIVE BOARD SUMMARY
SUMMARY OF GENERAL FUND REVENUE ESTIMATES

Code	Description	Actual 2015/2016 £	Approved Budget 2016/2017 £	Revised Budget 2016/2017 £	Original Budget 2017/2018 £
2000	Housing Strategic Service Review	1,760	-	-	-
2001	Outreach and Access to Services	64,418	58,320	40,830	41,250
2002	Corporate Communications	52,388	51,510	51,920	52,830
2003	Community Strategy	40,756	36,010	36,420	36,980
2007	Emergency Planning	7,684	5,790	5,790	5,850
2009	North Warwickshire Local Development Framework	137,796	127,800	129,090	131,140
5050	Support to Parishes	469	-	-	-
	Net Controllable Expenditure	305,270	279,430	264,050	268,050
	Departmental Support	165,537	160,440	138,140	140,960
	Central Support	123,969	132,680	143,800	152,000
	Capital Charges	8,273	7,780	8,330	8,330
	EXECUTIVE BOARD TOTAL	603,049	580,330	554,320	569,340

SAVINGS INCLUDED WITHIN 2017/2018

Board	Description	2017/2018
Planning	Reduced contribution to the Building Control Partnership	30,000.00
All	Pay Award 2016/17	85,920.00
All	Pay Award 2017/18	88,320.00
C & E	Reduced operation - ASC	34,950.00
C & E	Remove additional CAB grant	15,000.00
C & E	Charge for replacement bins	45,000.00
Res	Shared Service Restructure	12,100.00
Res	Assistant Central Services Officer post	25,370.00
Res	Borough care Charges	265,040.00
Res	Community Development restructure	70,640.00
Res	Assistant Management Team and Civic Support Officer	5,600.00
Res	Lease Car Allowance	13,850.00
Res	Cost of Democratic Service – Journals & Newspapers	510.00
Res	Cost of Democratic Service – Advertising and Promotion	1,000.00
Res	Cost of Democratic Service – Telephones	1,100.00
Res	Cost of Democratic Service – Conference Fees	150.00
Res	Cost of Democratic Service – Corporate Subs	2,640.00
Res	Cost of Democratic Service – Members Subsistence	230.00
Res	Corporate & Democratic Core - Advertising	720.00
Res	Compensation and Pensions – reduced contributions on past pension payments	9,030.00
Res	NDR Reduction for Council Offices/ Old Bank House	2,900.00
Res	Compensation and Pensions – reduced contributions on past pension payments	3,330.00
Res	IT Support Officer	25,820
	Overall Total	739,220.00

RISK ANALYSIS

	Likelihood	Potential Impact on Budget
Increase in vacancies at the industrial estates	Low	Medium
Higher level of maintenance at Council properties	Medium	Low
Increase in benefit costs as a result of error or a reduction in the level of overpayment recovery	Low	Medium
The effect of Government changes in how benefits are administered and delivered	Medium	High
Above inflation increases to contracts	Low	Low
Loss of County Council funding towards Customer Contact staffing	Medium	Low
Further increases in the pension scheme deficit	Medium	Low
Effect of an ageing population on demand for Community Support services	Medium	Low
Additional increase in pension contribution rates	Low	Low
Higher than anticipated rises in utility costs	Medium	Low
Changes in legislation affecting service delivery and/or software requirements	Medium	Low
Above inflation in vehicle fuel costs	Medium	Medium
Increased insurance costs	Medium	Medium
Termination of employment costs	Medium	Low
The Emergency Planning budget of £5,850 may be insufficient to cover the costs of any major local emergency.	Low	High
Deteriorating condition of assets, particularly the Leisure Centres, and further economic pressure affecting the generation of income and the final outturn of services	Medium	High
Further reduction or cessation of grants received	Medium	Low
As grants cease, possibility of redundancy costs for those staff affected by withdrawal of funding for given projects	Medium	Low
Additional Costs relating to the Refuse and Recycling services	Medium	Medium

Agenda Item No 11

Resources Board

30 January 2017

Report of the
Deputy Chief Executive

Housing Revenue Account
Estimates 2017/18 and
Rent Review

1 Summary

- 1.1.1 The report covers the revised budget for 2016/17 and an estimate of expenditure for 2017/18, together with forward commitments for 2018/19, 2019/20 and 2020/21.

Recommendation to the Board

- a To accept the revised estimate for 2016/17;
- b To decrease rent by 1% as required by the government;
- c To approve the proposed fees and charges for 2017/18 as set out in Appendix D;
- d To approve the service charges for the cleaning of communal areas, as detailed in Appendix E, from April 2017;
- e To approve the service charges for window cleaning, as detailed in Appendix F, from April 2017; and
- f To accept the Estimates of Expenditure for 2017/18, as submitted.

2 Introduction

- 2.1 In consultation with other Assistant Directors, the Assistant Director (Finance and Human Resources) has prepared an estimate of net expenditure for 2017/18 and this, together with a revised budget for 2016/17, appears in Appendix A. To provide a more complete picture of the spending pattern of the service, the actual figures for 2015/16 are shown.

3 Comments on the 2016/17 Revised Budget

- 3.1 The revised budget for 2016/17 shows an expected surplus of £1,022,950; which is £648,190 higher than the approved budget surplus of £374,760. The main variations are given below.

3.2 Provision for Bad Debts (£99,840)

3.2.1 The provision for bad debts has decreased to reflect the current position on arrears.

3.3 Repairs Fund £30,530

3.3.1 Departmental support costs have increased as some housing maintenance salaries previously charged to Housing Direct Works and Capital are now charged to Repairs in addition to temporary posts. There has also been an increase in transport costs for the housing inspectors and surveyors vehicles. The increases have been partially offset by a decrease in central support costs due to a reallocation of customer contact time and a reduction in Financial Services charges due to an in year vacancy.

3.4 Management Services (£33,710)

3.4.1 Following the loss of funding from the County Council, the Supporting People service was withdrawn. As the Council subsidised the service, its removal has led to a reduction in the costs borne by this Council. This accounts for the majority of the cost reduction in management services. There have been changes in the time allocations for other staff, to reflect changes in management arrangements and current workloads between the different areas of management activity, but this has not added cost.

3.5 Revenue Funding of Capital Expenditure (£542,440)

3.5.1 A change in the level of capital receipts which are expected to be available to fund capital work from the sale of Right to Buy properties.

3.6 Service Charges - Cleaning and Caretaking (£4,150)

3.6.1 Additional income has been received due to a lower level of void flats.

3.7 Garage Rents £6,150

3.7.1 The rent is lower than expected due to a higher number of voids. In addition some garages have been demolished for the new developments and Lister Road Atherstone and Church Walk Mancetter.

3.8 Interest on Balances £7,060

3.8.1 The interest earned has decreased due to a reduction in the interest rates available for investments.

3.9 Gross Rents (£11,450)

3.9.1 There has been an increase in rental income due to the new build properties in Atherstone and Grendon being let.

4 Rent Setting

- 4.1 The CLG require all social rents to be decreased by 1% per annum in each of the next two years. Adherence to this policy means that properties will no longer reach their target rents. The Government's suggested way for local councils to achieve target rents is to increase the rent of each property to its target rent when the property becomes vacant. This has not yet been implemented but has been assumed in the figures from 2018/19 onwards.
- 4.2 The figures included in this report are based on the changes required by the CLG. This gives an average rent decrease of £0.93 per week (1%), although individual rent changes will vary from decreases of £0.76 to £1.62 per week in 2017/18.
- 4.3 The impact of the rent policy has been built into the 30 year Business Plan detailed in Appendix H.

5 Comments on the 2017/18 Estimates

- 5.1 The Housing Revenue Account has been prepared, taking into account the following assumptions:

- A 1% pay award from 1st April 2017;
- Increases in the Council's pension contribution rate of 0.75% per annum up to 2020/21;
- To adopt the government policy of minus 1% for all rents until 2020/21;
- Starting in 2017/18, a general inflationary increase of 2% has only been given in alternate years within supplies and service budgets, in order to encourage efficiencies in procurement, including for the Repairs Fund.

- 5.2 The estimated balance on the Housing Revenue account at 1 April 2017 is £3,811,909, which is higher than the £2,924,171 anticipated in the original estimates. Looking in greater detail at the coming year, the budget for 2017/18 shows an expected surplus of £316,740. The main variations to the revised estimate for 2016/17 are explained below:

5.3 Provision for Bad Debts £98,110

- 5.3.1 The provision for bad debts has been returned to 1.5% of rental income to reflect the uncertainty around the continued ability of the Council to collect rent at current levels.

5.3 Repairs Fund (£33,710)

- 5.3.1 The contribution to the Repairs Fund has been calculated with an inflationary increase of 2% and the assumed sale of 30 council houses, partially offset by a net 44 new properties in Polesworth and Mancetter. There has been a decrease in departmental support costs due to the removal of a temporary post previously included for part of the year.

5.4 Management Services (£8,210)

5.4.1 The General Administration budget has increase due to the reinstatement of the recruitment budget. The Housing Register and Letting, Tenancy and Estate Management and Rent Collection and Arrears budgets have all decreased due to the full year effect of staffing changes.

5.4.2 The increase in the Supporting People budget reflects the full year loss of the supporting people grant from Warwickshire County Council.

5.4.3 The management of Shops budget has decreased due to removal of one off NDR and utility costs from 2016/17 relating to the redevelopment of Lister Road Atherstone and Church Walk Mancetter shop sites

5.5 Debt Management £132,220

5.5.1 An additional £150,000 of borrowing will be repaid in line with the schedule of debt repayments. This is partially offset by a decrease in the interest payable on the debt outstanding, as the debt reduces.

5.6 Revenue Funding of Capital Expenditure £361,810

5.6.1 The required contribution to capital expenditure has been amended to reflect the latest stock conditions survey, an inflationary allowance on new build expenditure and the level of capital receipts which are expected to be available to fund capital work from the sale of Right to Buy properties.

5.8 Interest on Balances £31,670

5.8.1 The interest earned has decreased due to a reduction in interest rates available and a lower level of balances and earmarked reserves held by the Housing Revenue Account during the year.

5.9 Gross Rents £127,030

5.9.1 There is a decrease in Council house rental income to reflect the rent decrease of 1% and the expected level of council house sales partially offset by the new build properties in Mancetter and Polesworth.

6 Housing Repairs Fund

6.1 The HRA makes an annual contribution to the Repairs Fund. Part of the contribution is set aside for the day to day maintenance, with the remainder used for planned maintenance work. The fund covers payments to Housing Direct Works and outside contractors. The majority of the current workload is completed by Housing Direct Works (see Appendix B).

6.2 A small balance is usually maintained on the Housing Repairs Fund, which is used to meet fluctuations in the timing of repair work.

7 **Housing Direct Works**

7.1 Estimates for Housing Direct Works (HDW) have been prepared for 2017/18, along with the revised position for 2016/17, and these are attached as Appendix C.

7.2 **Revised Estimate 2016/17**

7.2.1 Net controllable expenditure has increased by £107,360. The main change relates to an increase in the use/cost of materials and scaffolding. This has been partially offset by a decrease in transport maintenance, fuel and hiring in costs following the replacement of part of the vehicle fleet. In addition employee costs have risen, as agency workers have been required to cover long term sickness.

7.2.2 There has been a reallocation of Central Support costs relating to Customer Contact, Internal Audit and Financial Services.

7.3 **Estimate for 2017/18**

7.3.1 The net controllable expenditure has decreased by £7,670. Employee costs have reduced as the additional costs incurred in 2016/17 are not expected to continue, partially offset by increased costs relating to the pay award and a 0.75% increase in superannuation contributions. In addition, there is a decrease in transport costs due to the vehicle replacements.

8 **Fees and Charges**

8.1 There are limited increases proposed for fees and charges, so that users of facilities are not discouraged. The detailed list of fees and charges is attached as Appendix D to the report.

9 **Service Charges**

9.1 There is a requirement for service charges to be paid by those tenants who actually receive specific services. NWBC make specific charges for window cleaning and cleaning costs of communal areas in blocks of flats. The current and proposed charges are attached in Appendices E and F. There is a small decrease proposed for the cleaning of communal rooms, to reflect the reduction in expenditure anticipated. No change is proposed for window cleaning.

9.2 The Council also makes a service charge to the lease holders of flats that have been sold under the Right to Buy legislation. This reflects the actual costs of management and maintenance.

10 **Four Year HRA Forecast – 2017/18 to 2020/21**

10.1 A detailed four year estimate has been developed, to cover the medium term position of the HRA. This is summarised in the table below, with some additional detail given in Appendix G.

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Management and Maintenance	5,146	5,375	5,446	5,516
Interest on borrowing	1,593	1,569	1,539	1,504
Repayment of borrowing	1,600	1,700	1,750	2,000
Capital expend funded by revenue	2,705	2,592	2,401	2,496
New Build	619	644	670	696
Total Expenditure	11,663	11,880	11,806	12,212
Income	(11,939)	(11,961)	(11,722)	(11,957)
Interest on Balances	(41)	(37)	(67)	(93)
Total Income	(11,980)	(11,998)	(11,789)	(12,050)
(Surplus)/Deficit on the year	(317)	(118)	17	162
Balance at 31 March	(4,129)	(4,247)	(4,230)	(4,068)

- 10.2 The figures show a small decrease in level of balances at the end of 2020/21, which feeds into the 30 year business plan detailed in section 12 of this report. However the Housing and Planning Bill 2015 sets out legislation relating to the sale of vacant high value void properties which is not yet included in these figures.
- 10.3 The Bill proposes that an annual estimate will be made of the market value of each authority's interest in any high value housing that is likely to become vacant during the year. Based on those estimates a levy will be required from each Local Authority Housing Revenue Account to pay for the Government's Right to Buy Scheme for Housing Associations. The amount of the levy for this Council is not yet known.
- 10.4 The figures include an increase in bad debt provision. The sufficiency of the level of provision will depend on the outcomes of the changes expected from welfare reform in the next couple of years, and the impact of any further increases in uncollectable rent. There is also a potential requirement for a growth in staffing to deal with any additional workloads resulting from welfare reform and the general collection of rent income.

11 30 Year HRA Business Plan

- 11.1 As management of the housing stock is a long term requirement, a business plan has been put together for 30 years, although expenditure in particular is difficult to predict so far in advance. This has been updated as part of the estimates process and the revised business plan is attached as Appendix H.
- 11.2 In updating the business plan, a number of assumptions have been made:
- New build will continue throughout the life of the plan, although capital spending has been reduced to the level required to enable the additional capital receipts to be retained;
 - Management and maintenance costs have been assumed for the new properties, together with rental income;
 - The additional receipts that the Council is able to keep for use on new build will continue;

- Right to Buy Sales will continue at the current level for the first 10 years of the plan;
 - Following the requirement for the rent reduction of 1% until 2020/21, rents will return to an increase of CPI + 1%.
- 11.3 The expected position on the Housing Revenue Account at the end of the 30 years is a surplus of £63.3 million. This is after funding capital expenditure of £167 million, with £22 million of that funding set aside for new build schemes or other improvement schemes. Borrowing of £55 million will also have been repaid.
- 11.4 However the expected surplus of £63.3 million after 30 years is not excessive. The additional costs that the HRA will have to face, indicated in paragraph 10.3 could amount to significantly more than the expected surplus. Once the actual levies are known, amendments to the Business Plan will be needed to ensure that it remains viable going forward.
- 11.5 A further concern is that rent increases from 2020/21 do not return to the CPI + 1% position assumed in the Business Plan. If rents were to increase by CPI only, rental income would reduce by £56 million. This would leave very little surplus to cover the levy payments for high value vacancies.

12 Risks to the Business Plan

- 12.1 In addition to the new payments detailed above, the expected surplus on the Business Plan is dependent on adherence to the assumptions used in the forecast. Varying these would impact on the achievement of a surplus. The key risks to the budgetary position of the Housing Revenue Account include:
- The potential ongoing impact of sustaining rent income levels with the expected changes from welfare reform;
 - The requirement on the Council to meet statutory housing needs and support tenants to sustain their tenancies as well as manage them in moving on as secure tenancies are replaced with insecure ones;
 - A change in interest rates, if funds need to be borrowed;
 - A reduction in the rent levels assumed in the Business Plan, as this could impact significantly on the expected surpluses. More attractive Right to Buy conditions could encourage higher sales;
 - The requirements of an ageing stock and the need to meet the Decent Homes Standard are likely to continue to increase the demand for capital works. Work to keep the Council's asset in good condition will be prioritised and accommodated within existing budgets;
 - Any reduction in the performance of Housing Direct Works will put pressure on the Council to use external contractors and therefore will impact on the level of expenditure;
 - Asbestos removal is an ongoing cost pressure over the next few years until the full picture of the level of asbestos contained in council houses and the cost of removal is assessed;
 - The levy for high value vacancies could be significant, requiring reductions in

other spending.

12.2 A risk analysis of the likelihood and impact of the risks identified above are included in Appendix I.

12.3 Assuming a minimum working balance of £750,000, the Council can continue with services at current levels over the next four years. However, the service will still need to demonstrate value for money and rent collection rates will have to remain at the current level.

13 **Conclusions**

13.1 Payments arising from the Housing and Planning Bill will have a significant impact on the Housing Revenue Account which cannot yet be quantified. Decisions which vary the Business Plan in any significant way should not be taken until the impact of the expected levies is known. Decisions will need to be taken to ensure the long term sustainability of the Housing Revenue Account.

14 **Report Implications**

14.1 **Finance and Value for Money Implications**

14.1.1 As above.

14.2 **Environment and Sustainability Implications**

14.2.1 Operating in line with the Business Plan will ensure the long term sustainability of the Housing Revenue Account.

14.3 **Equality Implications**

14.3.1 The impact of the Welfare Reforms on Council tenants and income collections has previously been reported to Housing Sub Committee. Work being undertaken will help to inform the Council's understanding of the impacts from the rent restructuring changes and the increases being applied. Monitoring of the impacts will be carried out as any changes are implemented.

14.4 **Risk Management Implications**

14.4.1 There are a number of risks associated with setting a budget, as assumptions are made on levels of inflation and demand for services. To minimise the risks, decisions on these have been taken using past experience and knowledge, informed by current forecasts and trends. However, the risk will be managed through the production of regular budgetary control reports, assessing the impact of any variances and the need for any further action.

The Contact Officer for this report is Nigel Lane (719371).

HOUSING REVENUE ACCOUNT

Actual 2015/16	DESCRIPTION	ORIGINAL BUDGET 2016/17 £	REVISED BUDGET 2016/17 £	ORIGINAL BUDGET 2017/18 £
	EXPENDITURE			
9,056	Provision for Bad Debts	174,140	74,300	172,410
	Repairs Fund			
253,243	Departmental Support Services	278,480	307,370	298,990
128,965	Central Support Services	144,000	136,900	141,660
2,752,832	Contribution to Fund	2,644,010	2,652,750	2,622,660
	Management			
588,073	General Administration	619,500	577,870	585,470
218,105	Housing Registor & Lettings	209,990	249,210	243,820
266,716	Tenancy & Estate Management	265,380	284,670	280,490
297,072	Rent Collection & Arrears	297,270	323,830	304,920
65,948	Tenant Participation	68,830	46,590	45,700
415,730	Flats & Communal Centres	416,660	418,860	423,700
32,069	Supporting People Service	54,190	(5,650)	4,380
925	Laundries	6,460	6,620	6,820
15,846	Cesspools and Management of Shops	14,750	17,320	15,810
	Debt Management			
1,623,860	Interest on Loans (as per Business Plan)	1,610,930	1,610,930	1,593,150
1,300,000	Revenue set aside (as per Business Plan)	1,450,000	1,450,000	1,600,000
	Capital			
2,421,244	Revenue funding of capital spending on existing stock	2,367,410	2,367,390	2,704,650
1,114,460	Revenue funding of capital spending on new build	1,136,750	594,310	618,860
11,504,144	Gross Expenditure	11,758,750	11,113,270	11,663,490
	INCOME			
27,059	Service Charges - Leaseholders	27,260	26,130	26,130
21,669	Service Charges - Window Cleaning	22,750	22,250	22,700
37,803	Service Charges - Cleaning & Caretaking	38,290	42,440	42,150
250,045	Garage Rents	277,460	271,310	271,310
81,818	Shop Rents	78,800	80,750	83,300
42,769	Interest on Balances	79,520	72,460	40,790
64,024	Pensions reserve	-	-	-
11,789,275	Gross Rents (less voids)	11,609,430	11,620,880	11,493,850
12,314,462	Gross Income	12,133,510	12,136,220	11,980,230
(810,318)	(Surplus)/Deficit for Year	(374,760)	(1,022,950)	(316,740)
(1,978,641)	Revenue Fund balance at start of year	(2,549,411)	(2,788,959)	(3,811,909)
(2,788,959)	Revenue Fund balance at end of year	(2,924,171)	(3,811,909)	(4,128,649)
44	Average no. of properties (other)	46	61	98
2,634	Average no. of properties (other)	2,591	2,598	2,563

Appendix B

HOUSING REPAIRS FUND

£

Balance at 1 April 2016	511,093
Contribution 2016/17	3,097,020
Expected Use of Fund - Housing Direct Works	(1,868,900)
Expected Use of Fund - Other Contractors	(883,850)
Expected Use of Fund - Departmental and Central Support	(444,270)
Balance at 1 April 2017	411,093
Contribution 2017/18	3,063,310
Expected Use of Fund - Housing Direct Works	(1,865,080)
Expected Use of Fund - Other Contractors	(857,580)
Expected Use of Fund - Departmental and Central Support	(440,650)
Balance at 1 April 2018	311,093

Appendix C

1500 - 1507 - HOUSING DIRECT WORKS				
DESCRIPTION	ACTUALS	APPROVED	REVISED	ORIGINAL
	2015/16	BUDGET	BUDGET	BUDGET
		2016/17	2016/17	2017/18
Employee Expenditure	893,604	949,090	967,480	950,720
Supplies & Services	531,759	480,120	589,870	601,650
Transport	199,422	121,410	100,630	98,500
Miscellaneous Expenditure	50	-	-	-
Work in Progress & Stocks	3,837	-	-	-
GROSS EXPENDITURE	1,628,672	1,550,620	1,657,980	1,650,870
GROSS INCOME	(437)	(55,630)	(55,630)	(56,190)
NET CONTROLLABLE EXPENDITURE	1,628,235	1,494,990	1,602,350	1,594,680
Departmental Support	183,631	199,170	201,600	204,500
Central Support Services	77,343	80,190	64,950	65,900
Capital Charges	4,922	-	-	-
Net Costs to Repairs Fund	1,894,131	1,774,350	1,868,900	1,865,080

NORTH WARWICKSHIRE BOROUGH COUNCIL**HOUSING****FEES AND CHARGES FROM 1 APRIL 2017**

	2016/17	2016/17		2017/18	2017/18	
	NET CHARGE	NET CHARGE	VAT RATING	NET CHARGE	NET CHARGE	VAT RATING
	£	£		£	£	
COMMUNAL CENTRES						
	Voluntary Groups	Private		Voluntary Groups	Private	
Communal Centres						
Use of lounge (per 2 hours)	5.00	10.00	Exempt	5.00	10.00	Exempt
Use of kitchen	1.00	2.00	"	1.00	2.00	"
Purpose Built Community Centres						
Use of lounge (per 2 hours)	7.50	15.00	Exempt	7.50	15.00	Exempt
Use of kitchen	1.50	3.00	"	1.50	3.00	"
Multi-Purpose Centres						
Use of lounge (per 2 hours)	10.00	20.00	Exempt	10.00	20.00	Exempt
Use of kitchen	2.00	4.00	"	2.00	4.00	"
	NET CHARGE	VAT RATING	TOTAL CHARGE 20% VAT	NET CHARGE	VAT RATING	TOTAL CHARGE 20% VAT
	£		£	£		£
GUEST BEDROOMS						
Per night	1.00	Exempt	1.00	1.00	Exempt	1.00
Per week	7.00	"	7.00	7.00	"	7.00
ALLOTMENT RENT						
Waverton Avenue, Warton	2.90	Exempt	2.90	3.10	Exempt	3.10
GARAGE PLOTS						
Bracebridge Road, Lister Road & St. George's Road, Atherstone						
NWBC council house tenants	24.70	Exempt	24.70	25.20	Exempt	25.20
Others	25.00	Incl. VAT at Standard Rate	30.00	25.50	Incl. VAT at Standard Rate	30.60
COUNCIL OWNED GARAGES						
NWBC council house tenants	6.08	Exempt	6.08	6.08	Exempt	6.08
Others	6.08	Incl. VAT at Standard Rate	7.30	6.08	Incl. VAT at Standard Rate	7.30

Proposed Cleaning Service Charges per week**Appendix E**

Name of Scheme	Cost Per Property	Cost per week (48 wks)	Cost Per Property	Cost per week (48 wks)
	2016/17	2016/17	2017/18	2017/18
	£	£	£	£
Alder Court and Heather Atherstone	89.76	1.87	88.32	1.84
Alexandra Court, Atherstone	89.76	1.87	88.32	1.84
St Benedicts Close, Atherstone	89.76	1.87	88.32	1.84
Welcome Street, Atherstone	89.76	1.87	88.32	1.84
Arden Forest Estate, Ridge Lane	89.76	1.87	88.32	1.84
Church Road/Long Street,Dordon	89.76	1.87	88.32	1.84
Chancery Court, Chapel End	89.76	1.87	88.32	1.84
Gramer Court, Mancetter	89.76	1.87	88.32	1.84
Monument View/Sycamore Ave Polesworth	89.76	1.87	88.32	1.84
Abbey Green Court, Polesworth	89.76	1.87	88.32	1.84
Jubilee Court, Kingsbury	89.76	1.87	88.32	1.84
Drayton Court, Hartshill	89.76	1.87	88.32	1.84
Eastlang Road, Fillongley	89.76	1.87	88.32	1.84
Hudson/Wall Avenue, Coleshill	89.76	1.87	88.32	1.84
Digby Road & Clinton Road, Coleshill	89.76	1.87	88.32	1.84
George Road, Water Orton	89.76	1.87	88.32	1.84
Church Hill Coleshill	89.76	1.87	88.32	1.84

d Window Cleaning Charges per Fortnight from April 2017**Appendix F**

Name of Scheme	Cost Per Property	Cost per Week (48)	Cost Per Property	Cost per Week (48)
	2016/17 £	2016/17 £	2017/18 £	2017/18 £
Alder Court and Heather Atherstone	36.72	0.77	36.72	0.77
Alexandra Court, Atherstone	25.95	0.54	25.95	0.54
Coleshill Road Atherstone	34.27	0.71	34.27	0.71
Long Street Atherstone	48.47	1.01	48.47	1.01
St Benedicts Close, Atherstone	27.91	0.58	27.91	0.58
Welcome Street, Atherstone	51.90	1.08	51.90	1.08
Arden Forest Estate, Ridge Lane	28.89	0.60	28.89	0.60
Church Road, Dordon	55.81	1.16	55.81	1.16
Long Street, Dordon	55.32	1.15	55.32	1.15
St Leonards Close, Dordon	38.68	0.81	38.68	0.81
Chancery Court, Chapel End	44.55	0.93	44.55	0.93
Gramer Court, Mancetter	33.78	0.70	33.78	0.70
Monument View/Sycamore Ave Polesworth	50.43	1.05	50.43	1.05
Abbey Green Court, Polesworth	34.76	0.72	34.76	0.72
Jubilee Court, Kingsbury	43.08	0.90	43.08	0.90
Oldbury View, Hartshill	48.96	1.02	48.96	1.02
Drayton Court, Hartshill	33.29	0.69	33.29	0.69
Eastlang Road, Fillongley	47.00	0.98	47.00	0.98
Hudson/Wall Avenue, Coleshill	57.28	1.19	57.28	1.19
Digby Road, Coleshill	57.28	1.19	57.28	1.19
Clinton Road, Coleshill	61.20	1.28	61.20	1.28
Delves Crescent, Wood End	55.32	1.15	55.32	1.15
George Road, Water Orton	60.71	1.26	60.71	1.26
Church Hill Coleshill	58.26	1.21	58.26	1.21

HOUSING REVENUE ACCOUNT				
DESCRIPTION	ORIGINAL BUDGET 2017/18 £	ORIGINAL BUDGET 2018/19 £	ORIGINAL BUDGET 2019/20 £	ORIGINAL BUDGET 2020/21 £
EXPENDITURE				
Provision for Bad Debts	172,410	287,210	281,190	286,380
Repairs Fund				
Departmental Support Services	298,990	308,800	316,450	323,990
Central Support Services	141,660	144,130	147,390	149,380
Contribution to Fund	2,622,660	2,697,370	2,724,220	2,746,270
Management				
General Administration	585,470	595,260	608,300	618,640
Housing Register & Lettings	243,820	237,480	241,960	246,600
Tenancy & Estate Management	280,490	288,970	294,290	300,370
Rent Collection & Arrears	304,920	312,320	318,020	322,070
Tenant Participation	45,700	46,690	47,550	48,300
Flats & Communal Centres	423,700	430,080	439,280	445,540
Supporting People Service	4,380	4,510	4,590	4,680
Laundries	6,820	6,820	7,030	7,030
Cesspools and Management of Shops	15,810	16,040	16,410	16,640
Debt Management				
Interest on Loans (as per Business Plan)	1,593,150	1,568,820	1,538,850	1,503,920
Revenue set aside (as per Business Plan)	1,600,000	1,700,000	1,750,000	2,000,000
Capital				
Revenue funding of capital spending on existing stock	2,704,650	2,591,530	2,400,870	2,496,350
Revenue funding of capital spending on new build	618,860	644,110	669,560	695,750
Gross Expenditure	11,663,490	11,880,140	11,805,960	12,211,910
INCOME				
Service Charges - Leaseholders	26,130	26,130	26,130	26,130
Service Charges - Window Cleaning	22,700	23,150	23,620	24,090
Service Charges - Cleaning & Caretaking	42,150	42,990	43,850	44,730
Garage Rents	271,310	297,610	297,610	323,910
Shop Rents	83,300	83,300	83,300	83,300
Interest on Balances	40,790	36,660	66,660	93,290
Gross Rents (less voids @ 2%)	11,493,850	11,488,210	11,247,500	11,455,300
Gross Income	11,980,230	11,998,050	11,788,670	12,050,750
(Surplus)/Deficit for Year	(316,740)	(117,910)	17,290	161,160
Revenue Fund balance at start of year	(3,811,909)	(4,128,649)	(4,246,559)	(4,229,269)
Revenue Fund balance at end of year	(4,128,649)	(4,246,559)	(4,229,269)	(4,068,109)
Average no. of properties (other)	98	125	130	130
Average no. of properties (other)	2,563	2,533	2,503	2,473

HRA 30 Year Business Plan - 2016/17 to 2045/46

30 year total	SELF FINANCING Operating Account	HRA	2016/17 to 2020/21 £000	2021/22 to 2025/26 £000	2026/27 to 2030/31 £000	2031/32 to 2035/36 £000	2036/37 to 2040/41 £000	2041/42 to 2045/46 £000
-486,518	Gross income		-59,642	-65,185	-73,665	-83,916	-95,519	-108,591
	Expenditure							
80,125	Management (incl DME)		9,755	10,829	12,252	13,862	15,683	17,744
114,861	Maintenance		15,719	16,779	18,072	19,659	21,381	23,251
11,352	Bad debt provision		1,100	1,564	1,766	2,014	2,295	2,613
206,338	Operating expenditure		26,574	29,172	32,090	35,535	39,359	43,608
-280,180	Net Cost of Services		-33,068	-36,013	-41,575	-48,381	-56,160	-64,983
23,462	Interest payments		7,816	6,716	4,843	2,166	1,748	173
-8,315	Interest received		-310	-419	-356	-513	-2,414	-4,303
-265,033	Net operating expenditure		-25,562	-29,716	-37,088	-46,728	-56,826	-69,113
54,989	Revenue set aside (debt repayment)		8,500	11,660	16,130	8,699	5,000	5,000
146,756	Direct revenue financing (RCCO fund cap Prog)		15,783	18,218	22,369	25,934	29,916	34,536
-63,288	In year (surplus)/deficit		-1,279	162	1,411	-12,095	-21,910	-29,577
	HRA reserve b/fwd (-ve = Surplus)		-2,789	-4,068	-3,906	-2,348	-14,429	-36,324
	HRA reserve c/fwd (-ve = Surplus)		-4,068	-3,906	-2,495	-14,590	-36,500	-66,077
	CAPITAL PROGRAMME							
145,226	Expenditure (Cap spend with Inflation)		16,172	18,793	21,785	25,256	29,279	33,941
21,647	New Build		5,916	6,531	2,550	2,383	2,217	2,050
0	Financed by...							
1,536	Use of MRA Reserve		0	1,400	136	0	0	0
10,487	Allowable debt from receipts		3,611	3,066	1,065	990	915	840
8,094	RTB receipts and other resources		2,694	2,640	765	715	665	615
146,756	Direct revenue financing		15,783	18,218	22,369	25,934	29,916	34,536
166,873	Total financing		22,088	25,324	24,335	27,639	31,496	35,991

NDIX H

Risk Analysis

	Likelihood	Potential impact on Budget
Change in interest rates	Low	Medium
Reduction in rent levels	Medium	High
Increase in capital expenditure	Low	Medium
An increase in the demand for repairs	Medium	Medium
Reduction in Housing Direct Works performance	Medium	Medium
Asbestos removal	Medium	Medium
Levy payments for high value vacancies	High	High