

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Housing Portfolio Holder Meeting

19 January 2011

AUTHOR/S: Executive Director, Corporate Services

REVENUE AND CAPITAL ESTIMATES FOR THE HOUSING PORTFOLIO

Purpose

1. The purpose of this report is to enable the Housing Portfolio Holder consider the Revenue Estimates for 2011/12 and the Capital Programme up to 2015/16, relating to services within the Housing Portfolio.
2. This is not a key decision; however, the report presents the relevant estimates for endorsement by the portfolio holder, prior to being included as part of the overall estimates to be presented to Cabinet and confirmed by Council in February 2011.

Recommendations

3. That the Housing Portfolio Holder endorses the Revenue Estimates for 2011/12 and the Capital Programme up to 2015/16, relating to services within the Housing Portfolio, and recommends them for consideration by Cabinet.
4. The Portfolio Holder for Housing is also requested to:
 - (a) confirm the proposals for capital expenditure shown at **Appendix D(1-8)**, for inclusion in the capital programme, and
 - (b) request that Cabinet include £100,000, for possible additional expenditure on accommodation for homeless people, on the list of precautionary items for 2011/12.

Reasons for Recommendations

5. The draft estimates for all the services of the Council need to be considered and endorsed by the relevant portfolio holders, in order to be collated and presented to the Scrutiny and Overview Committee on 7 February 2011 and to Cabinet on 10 February 2011. The final approval of the estimates and the levels of council tax and rents will be decided by the Council on 24 February 2011.

Background

6. The estimates for the Housing Portfolio form part of the overall considerations for the Council's annual budget setting exercise and cover Housing General Fund (GF) and Housing Revenue Account (HRA) expenditure.
7. The Finance and Staffing Portfolio Holder approved the Staffing and Central Overhead Accounts Estimates on 14 December 2010. The recharges approved at that meeting are recharged to all services, as appropriate, termed "Central, Departmental and Support Services" in the detailed estimates attached - the analysis reflects the current service structure. It should be noted that, as all the recharges have already been approved, individual portfolio holders cannot amend them.

8. The estimates for each portfolio are being reported to the relevant portfolio holder. These estimates will then be summarised in a report for examination by the Scrutiny and Overview Committee on 7 February 2011, consideration by Cabinet on 10 February and finally presentation to the Council on 24 February for consideration of the revised 2010/11 and 2011/12 estimates and the levels of council tax and rents.
9. The HRA is a “ring fenced” account and only expenditure on local authority and associated matters can legally be charged to this account. The income to pay for HRA expenditure comes mainly from rents charged to the Council’s tenants. Because the General Fund and HRA are separate accounts of the Authority, with separate funding, the Housing General Fund and the HRA estimates are considered separately.
10. The summary Housing General Fund revenue estimates are set out in **Appendix A**, the summary HRA estimates in **Appendix B** and the Capital programme is shown at **Appendix C**.
11. **Appendix D (1-8)** consists of capital proposal forms for consideration alongside the capital programme.
12. Provisions for inflation have been applied to individual estimates only in cases where price increases can be justified. No automatic inflation allowance has been applied, but the 2.5% overall assumption of non-pay inflation in the Medium Term Financial Strategy remains as the overriding level of provision.
13. Where applicable, the revised 2010/11 estimates of each portfolio take account of any rollover of budget from the previous year and virement made during the year; they also incorporate expenditure approvals by Cabinet and Council up to November 2010.
14. All the estimates exclude the small number of “Precautionary Items” that are listed at the back of the current estimate book. These are specific, exceptional items of expenditure, which may or may not occur during the budget period, but if they did the Council would be required to meet them. An updated list will be presented to Cabinet on 10 February 2011. The only request for inclusion on the list within this Portfolio is for £100,000 in relation to possible expenditure on homeless accommodation costs.

Considerations

HOUSING GENERAL FUND REVENUE ESTIMATES: REVISED 2010/11 AND ESTIMATES 2011/12

15. A summary of the revenue estimates for the Housing General Fund is shown at **Appendix A**. The total estimates have been analysed between direct costs, capital charges and recharges, so that the direct costs can be identified for comparison. This is considered appropriate because the direct costs are specifically within the control of the relevant cost centre manager. By contrast, capital charges are notional charges that do not affect the overall expenditure of the Council and the Staffing and Central Overhead Accounts Estimates determine the recharges.
16. The **Appendix A** also shows a net direct costs comparison for both years, between the expected target expenditure and the new estimates that have been compiled for this meeting; the target was arrived at by taking the total direct costs in the original 2010/11 estimates and adjusting for virement, additional approved savings and, for the revised estimate, the impact of the decision to limit the reserve for expenditure on

traveller issues to £500,000. The result is that the 2011/12 estimate is £24,240 below the target, mainly owing to a reduction in net expenditure on homelessness and the choice based lettings scheme together with favourable changes in the recharges from/to the HRA. It should be noted, however, that there is a request to include £100,000 on the list of precautionary items for potential additional homelessness expenditure. The revised 2010/11 estimate is below the adjusted original estimate by £83,040, for similar reasons.

17. The vast majority of the Housing General Fund expenditure is made up of recharges from the staffing and overhead accounts and notional capital charges and neither of these are being considered here. Some comments on the individual estimate headings, where there are significant direct costs, are given in the following paragraphs. All comparisons therein are made with the 2010/11 original estimates.
18. Homelessness
 - (a) Officers have been successful in introducing various strategies to both reduce the need for and the cost of temporary accommodation for the homeless. As a consequence, a reduction of £34,000 has been made when the revised estimate for accommodation is compared to the original estimate for 2010/11. £10,000 of this has, however, been vired to pay for additional temporary staff to help with the prevention of homelessness.
 - (b) The success of preventative measures has led to some additional grant funding being made available by the government.
 - (c) In view of the difficulty in accurately estimating the demand for accommodation, it is requested that £100,000 be included on the list of precautionary items for possible additional expenditure on temporary accommodation.
 - (d) The amount requested as a precautionary item for this purpose in 2010/11 was £80,000 and to date, none of this has been utilised. The proposal for £80,000, therefore, represents an increase of £20,000, which is considered necessary in view of the current economic climate and the changes in benefit rules.
19. Lettings and Advisory Service
 - (a) The choice based letting scheme (Homelink) went live in February 2008 and is believed to have contributed to the reduction in void time for Council properties.
 - (b) Applicants on the Council's housing waiting list can be offered HRA properties or those belonging to other social landlords and a contribution from the HRA is calculated based on the portion of HRA lettings relative to the total lettings. Housing Associations using the scheme also make contributions.
 - (c) Apart from the recharges the expenditure is mainly made up of the Council's share of the costs involved in advertising properties throughout the region and there has been a reduction in this in both the 2010/11 revised and the 2011/12 estimate. This is mainly because applicants are increasingly using the web site to view available properties, so fewer magazines advertising the properties need to be printed.
20. Shopping Car Parks

The original estimate for this year was based on the assumption that most of the car parks would no longer be the Council's responsibility. Whilst not all of the sales/lease transfers have been achieved to date, it is anticipated that all of the car parks will be disposed of before the end of this financial year. The £30,000 included in the savings target should, therefore, be fully achieved in 2011/12.

21. Travellers Issues
- (a) The direct expenditure is for legal costs and other enforcement action and as such is unpredictable. Any amount in the budget for this purpose and not used by the end of the year has, in the past, been added to the reserve.
 - (b) Over the last few years the reserve has built up considerably and it has now been decided to limit it to £500,000. As a result, the revised budget includes a return to the General Fund of £49,160 and the anticipated expenditure has been reduced from £138,000 to £9,000.
22. Home Improvement Agency
- (a) During the year it was decided to move the Home Improvement Agency and the Improvement Grants from the Environmental Health Portfolio to the Housing Portfolio.
 - (b) The original 2010/11 estimate for the Home Improvement Agency included a saving of £10,000 that an external consultant had suggested would be made by the Council if the South Cambridge Home Improvement Agency were to work in partnership with some of the nearby authorities providing a similar service.
 - (c) Unfortunately, whilst it is anticipated that the partnership may go ahead, it seems unlikely that the savings advised by the consultant are realistic. The saving of £10,000 in the 2010/11 original estimate has not, therefore, been included in the revised figures nor has the £40,000 on the list of proposed savings for 2011/12 been included in the 2011/12 estimate for the Agency.
23. General Fund Sheltered Properties
- The Secretary of State for Communities and Local Government has recently granted the Authority permission to move some of the equity share sheltered properties from the HRA to the General Fund. As a result, the proceeds from the sale of any of the properties which have to be repurchased will no longer be subject to pooling. Whilst this will save several million pounds, that would otherwise have been sent to the government, it does mean that there will be some revenue costs falling on the General Fund. These costs mainly relate to the time between the purchase and the resale of these properties.
24. Recharges from/(to) the HRA
- (a) The General Fund is required to make a contribution to the Housing Revenue Account where HRA facilities are used by the wider community, or where expenditure is incurred on an area which is not considered to be a landlord function.
 - (b) The alarm service is accounted for in the HRA and run by staff in the supported housing team. Because the service is used by both tenants and others any deficit or surplus is shared between the HRA and General Fund in proportion to the number of users in each group
 - (c) The main elements of the net recharge are:
 - (i) use of sheltered housing communal facilities by the wider community and staff involvement in non HRA activities (the sheltered housing contribution);
 - (ii) outdoor maintenance expenditure being apportioned to reflect the fact that, as a result of Right to Buy and other sales, many of the homes benefiting from the service are in private ownership; and
 - (iii) any alarm service net deficit or surplus apportioned to reflect the number of non tenants using the service

- (d) Provision has been made in the original estimates for £170,750 to be charged to the General Fund in 2010/11. It is now expected that only £93,650 will be required, mainly owing to a considerable saving on the net cost of the alarm service. This saving is a result of the service being run by fewer staff than was anticipated in the 2010/11 original estimate.
 - (e) The estimate for 2011/12 is £114,150, £56,600 less than this year's original figure, again, mainly reflecting a saving on the net cost of the alarm service.
25. Recharges from Staffing and Overhead Accounts - Central, Departmental and Support Services (see estimates report to the Finance and Staffing Portfolio Holder 14 December 2010):
- (a) The total estimated recharges from Staffing and Overhead Accounts to the Housing General Fund increased by £20,240 (1.3%) from £1,546,460 in the original 2010-11 estimate to £1,566,700 in the 2011/12 estimate. The 2010-11 revised estimate of £1,571,670 is £25,210 (1.6%) higher than the original estimate and £10,000 of this has been covered by a virement. The change in recharges to this portfolio may be compared with the Council's overall recharges to services, as below.
 - (b) In general, the level of recharges depends on the cost of the service and support officers' time, ICT, Contact Centre, administrative buildings (mainly the Cambourne Office), Central Expenses and Central Support Services. Over the whole Council, these costs to be recharged were £17.420m in the 2010/11 original estimates, £17.308m in the 2010/11 revised estimates and £17,063m in the 2011/12 estimates. These equate to decreases of £0.112m (-0.6%) in 2010/11 and £0.357m (2.0%) in 2011/12, when compared with the 2010/11 original estimate. The main reasons for the 2010/11 decrease were lower capital charges, which reflects assets that have been fully depreciated and adjustments to the expected useful life of the remaining assets, and reduced costs from procurement projects and contract negotiations, partly offset by provision to meet Asset Management Plan requirements for the Cambourne Office. In 2011/12, these are augmented by reduced staffing costs resulting from the various restructuring exercises that have taken place, partly offset by increased business rates for the Cambourne Office.
 - (c) The costs being recharged to each portfolio, however, depend on how the above sums are allocated across services. Most central overhead costs are distributed per head to each officer, whose total cost is then allocated according to the officer's latest estimate of time spent on each service.

HOUSING REVENUE ACCOUNT ESTIMATES: REVISED 2010/11 AND ESTIMATES 2011/12

26. A summary of the HRA estimates is shown at **Appendix B**. The deficit for the year has been analysed after excluding the figures for unallocated recharges and those from the Staffing and Overhead accounts. The exclusion of these recharges is considered appropriate because the direct estimates are specifically within the control of the relevant cost centre manager.
27. Comments on the HRA estimates are given in the following paragraphs.
28. Administration.
This item of expenditure relates to the management of the housing stock (including rent collection and the management of repairs) and is, therefore, mainly comprised of recharges from the staffing and overhead account.
29. Support Services – Sheltered Housing

- (a) The main item of support service expenditure is the sheltered housing service. This service has historically been heavily subsidised by the HRA.
- (b) The level of subsidy from rents in general has been considerably reduced over the last few years, from around £800,000 (with a subsidy of over £1,000,000 in 2005/06) to well under £400,000 in both the revised estimate and the 2011/12.
- (c) Housing benefit once covered all the charges made to residents on sheltered schemes, however, since the introduction of the supporting people regime this is no longer the case and there are now two types of grant available to those on low incomes. Housing benefit still covers the rent and part of the service charge (mainly relating to the costs of the communal facility). Supporting people grant can be claimed for the “support” element of the service charge, which largely relates to the cost of the sheltered housing alarm system and of the sheltered housing officer’s time helping residents to live independently.
- (d) Whilst the cost of housing benefit is met in full by central government the amount available for supporting people grants comes from a fixed pot. This has meant there is considerable pressure on the funds available and, as a consequence, all providers have been asked to reduce the charges eligible for these grants by 10% in 2011/12, with still further reductions being required possibly in 2011/12 and certainly in future years.
- (e) The estimates have been prepared on the assumption that there will be a 10% reduction in the support element of the service charge and, therefore, a corresponding reduction in “support” expenditure. Should further reductions be required in 2011/12 the expenditure and service charges may need to be reviewed during the year.

30. Support Services – Other Alarm Systems

Although this service is run from the HRA, it is not only used by Council tenants. As a result, any surplus or deficit is apportioned between the HRA and the General Fund based on the number of tenants and the number of other users. Owing to lower than anticipated staffing levels, a net surplus is expected in both the revised 2010/11 and the 2011/12.

31. Contribution to the Housing Repairs Account

- (a) The repairs account was set up in 2001/02 as part of the changes introduced with resource accounting in the HRA.
- (b) Whilst for completeness, the estimated cost of capital and “capital type” repairs and improvements to HRA properties is included as part of the detailed HRA analysis. Apart from the £523,000 in the current year and £681,680 in 2011/12, mainly for disabled adaptations and additional heating replacements, the related expenditure is not carried forward to the HRA summary. This is because it is only intended to fund these amounts from the HRA, the rest being funded from the Major Repairs Allowance (MRA) and grants and contributions..
- (c) The total expenditure in the repairs account for each year is as follows:

Year	Responsive Repairs (Revenue) £000	Non Response Maintenance (Revenue) £000	Maintenance & Improvements (Capital & Capital Type) £000	Total £000
2009/10 Actual	2,118	996	4,989	8,103
2010/11 Estimate	2,342	738	3,500	6,580
2010/11 Revised	2,295	775	3,680	6,750
2011/12 Estimate	2,317	836	3,951	7,104

32. Payment to Government – Negative Housing Subsidy
- (a) The negative housing subsidy is a statutory payment from the HRA required when there is a surplus on an authority's notional Housing Revenue Account.
 - (b) The account is notional in so far as both the figure included for rent income and that for expenditure on management and maintenance are not the actual income and expenditure of the Authority. Notional figures for these items are calculated by multiplying an amount per dwelling set by central government by the number of dwellings.
 - (c) From 2004/05 any surplus on the notional account has been passed to central government
 - (d) The Secretary of State for Communities and Local Government has recently allowed the Council to transfer some of the equity share sheltered properties from the HRA to the General Fund, and this change has reduced the amount payable to the government in 2011/12 by around £200,000.
 - (e) The government is currently progressing changing the system to one where instead of paying funds to the CLG, Councils, such as South Cambridgeshire, will be given a share of the debt of other authorities with a HRA. A consultation paper of the details of the scheme is expected later this month. The earliest possible date for a change is 2012/13.
 - (f) It is anticipated that in 2011/12 the net payment to the Government, based on the figures in the notional account, will be around £12.6 million. Details of the calculation of this estimate are shown at **Appendix E**.
33. Building Maintenance Contractor (DLO)
- (a) Where a Direct Labour Organisation (DLO) makes a surplus or a deficit this becomes due to or due from the service using the workforce in question. The Council's building maintenance DLO works almost exclusively for the HRA and, therefore, any surplus or deficit is included in the HRA estimates.
 - (b) In 2010/11 revised estimate includes a rollover of £2,650 for costs related to the preparation of the DLO tender for the response repairs contract. This shows as expenditure in the HRA summary, however, the DLO is expected to break-even.
34. Unallocated Recharges
- The main unallocated recharges from the General Fund are for corporate management and democratic representation, which are partially recharged to the HRA. These recharges relate to the HRA as a whole and, therefore, it has not been felt appropriate to attempt to allocate the charge across individual services.
35. Capital Charges – Revenue funding of Capital Expenditure
- (a) £1,173,710 has been included in the revised estimate and £1,081,680 in the 2011/12 estimate for revenue funding of capital expenditure for the repurchase of shared ownership properties and for additional major repairs and improvements.
 - (b) The original estimate for the repurchase of shared ownership properties was only £1,000,000 and the revised estimate is £2,000,000. At the meeting held on 22nd July 2010 the Council gave in principal approval to the use of borrowing to cover the anticipated overspend on repurchases should insufficient other resources be available.
 - (c) The capital receipts brought forward from last year are in excess of the original estimate (mainly because of a one-off sale of housing property). It is therefore proposed to use capital receipts together with £650,690 from the HRA to fund this shortfall rather than resort to borrowing. In 2011/12 it is

proposed fund £400,000 from revenue, a sum which includes the £200,000 saving from the negative housing subsidy.

- (d) When Members, tenants and officers met to consider the draft 5 year maintenance programme it was agreed that should funds be available they would be used for additional expenditure on boiler replacements, insulation and disabled facilities. The allocations for these items within the budget for major repairs and improvements have, therefore, been increased to reflect this decision. In the revised budget the increase is mainly for boiler replacements as, because of the unanticipated level of demand so far this year, the existing allocation is already almost fully committed.

36. Capital Charges - Depreciation.

The figure included in the estimates for depreciation is considered equivalent to the Major Repairs Allowance and it is anticipated that the amount will be fully utilised to fund qualifying repairs and improvements

37. Income – Rent from Dwellings

The level of rent income included in the 2011/12 estimate based on the recommendation of the CLG for this year.

RENTS AND OTHER CHARGES

38. The estimates have been prepared on the assumption that most HRA charges, with the exception of the sheltered housing support charge, are increased in line with the recommendations from the CLG. This will keep the rent income at the level assumed by the government for the purpose of South Cambridgeshire's HRA reform debt settlement.

39. The supporting people team have indicated that the financial assistance for those in sheltered housing will be decreased by 10% or possibly more. It has, therefore, been assumed that the support element of the full sheltered housing service charge will be set in line with the 2011/12 supporting people figures. Should a further reduction be required then both the expenditure and charges may need to be reviewed during 2011/12

40. The assumption, for estimate purposes, regarding the individual alarm charges is that they will be increased by 2.5%, which is figure used throughout the estimates for general inflation.

41. Comments on individual charges are given in the following paragraphs.

42. Rents

- (a) The government intends that rent setting in the social housing sector should be brought on to a common system related to relative property values, local earnings levels and the size of individual properties. The guidance on this rent restructuring scheme provides a formula by which a target rent for each property is calculated and rents are expected to move towards the target level (which is increased each year).
- (b) In order to protect tenants from unacceptable annual increases, the government asked Councils to limit individual rent increase to £2 a week in excess of the annual inflationary figure set by the CLG.
- (c) The "inflationary" figure to be applied to this year's rent is 5.1% (based on September 2010 annual retail price index change of 4.6% plus 0.5%). However, to this must be added the amount required to move towards the target rent levels.

43. **Service Charges for Tenants in Flats with Communal Areas**
 A new charges for Tenants in blocks of flats with communal areas were introduced in 2010/11 and these were set at £2 a week for those in blocks with door entry facilities and £1 for those in other blocks. In view of the small increase implied, it is proposed that these charges are held for 2011/12.
44. **Sheltered Housing Service Charges**
- (a) The best estimate available for the weekly amount of supporting people grant for sheltered housing in 2011/12 is £13.63 per week and this has therefore been assumed as the support element of the service charge.
 - (b) The assumption used for the sheltered housing charge for communal facilities is that this would increase by 5.1% in line with the government recommendation. This would increase the charge from £7.14 per week to £7.50 a week.
 - (c) Many of the sheltered housing units have been leased under the equity share scheme. For tenants all maintenance is covered by their rent but this is not the case with equity shareholders. Under the terms of the equity share lease, leaseholders should pay their share of the full cost of the service and maintenance and improvements to properties on their sheltered housing scheme.
 - (d) Last year Members agreed to the phasing in of full cost service charges for leaseholders and it is proposed that the non-support element is increased by a maximum of 5.1% plus £2 a week for those on schemes with common rooms and 5.1% + 70p a week for those on schemes without such facilities.
 - (e) The proposed sheltered housing charges are set out in the following table.

Sheltered Housing Charges	Current Charge	Proposed Charge	Increase or Decrease	
	p.w.	p.w.	%	£
	£	£		
Tenants				
- support element	15.14	13.63	-10.0	-1.51
- communal facilities	7.14	7.50	5.1	0.36
Equity Shareholders - Maximum				
- schemes with communal facilities	30.32	31.58	4.2	1.26
- schemes without communal facilities	18.18	17.53	- 3.6	-0.65

45. **Alarm System Service Charges for those not on a sheltered housing scheme**
- (a) Only around 20% of the individual lifeline alarms are used by those living in Council properties and, therefore, the inflation rate of 2.5% (as used throughout the estimates for general inflation) has been applied to the lifeline charges. .
 - (b) The proposed alarm system service charges are set out in the following table

Alarm System Service Charges*	Current Charge	Proposed Charge	Increase or Decrease	
	p.w.	p.w.	%	£
	£	£		
Individual Alarms				
-				
- where the Council supplies the alarm	3.98	4.08	2.5	0.10
- where the user supplies the alarm	3.22	3.30	2.5	0.08

46. **Garage Rents**

- (a) Any increased income from garage rents is fully available to the HRA and it is proposed that all garage rents are increased by 5.1% (in line with the uplift for HRA charges recommended by the CLG).
- (b) As noted in the estimate reports in previous years, housing service officers have proposed that, should rent increases lead to a higher level of voids, the opportunity will be taken to consider the sale of any underused garage areas as land for new housing. Currently around 30% of garages are void and rent increases may lead to an even higher level.
- (c) The proposed garage rents are set out in the following table

Garage Rents	Current Rent	Proposed Rent	Increase	
	p.w.	p.w.	%	£
	£	£		
Garages rented to a Council tenant or leaseholder	7.22	7.59	5.1	0.37
N.B. In excess of two garages will be subject to VAT				
Other Garages (subject to VAT)	9.97	10.48	5.1	0.51

**CAPITAL ESTIMATES:
REVISED 2010/11 AND ESTIMATES 2011/12 TO 2015/16**

47. The capital programme for this portfolio is attached at **Appendix C** The programme relates to all housing capital expenditure, both HRA and General Fund, and is comprised mainly of:
- Improvement of existing stock
 - Shared Ownership Repurchases
 - Improvement Grants/Loans
 - Grants to Registered Providers (RPs)
48. Comments on the individual estimate matters are given in the following paragraphs.
49. **Improvement of Housing Stock**
- (a) The improvement programme includes upgrades to sheltered housing communal facilities and that part of the housing repairs and improvements programme funded from the Major Repairs Allowance and capital receipts.
- (b) Information from the recent stock condition survey has been used to identify and prioritise the work that needs to be undertake.
- (c) In the current year there has been considerable pressure on the boiler replacement programme and it is proposed to use additional funding from the HRA to enable more replacements to go ahead.

50. Shared Ownership Repurchases

- (a) This budget is for the repurchase shared ownership properties previously sold under the Council's first time buyers, equity share for the elderly and shared ownership schemes. Whilst the leases being granted under these schemes no longer require the Council to repurchase the properties the majority of existing leases do have such a requirement.
- (b) The 2010/11 capital programme was prepared on the assumption that in future properties would be bought by housing associations. Only £1 million was, therefore, included in the 2011/12 estimate with no budget from 2012/13 onwards.
- (c) The proposal to work in partnership with housing associations did not go ahead it is now expected that £2 million will be needed in the current year for repurchases rather than the £1 million in the original estimate for 2010/11. It is proposed to fund this overspend from the HRA and from the additional capital receipts brought forward from 2009/10, as a result of a one off housing sale.
- (d) The Secretary of State of Communities and Local Government has allowed the Council to remove most the sheltered equity share properties from the HRA and as a consequence any proceeds from sales of these particular properties will no longer be subject to pooling. In future years the scheme will be mostly self funding as the receipts from the resale of the repurchased dwellings can be used to fund further repurchases.
- (e) There will still be the need to repurchase a few properties still in the HRA and it is proposed to fund these from the, HRA partially with the use of the additional funds resulting from the reduction in the negative housing subsidy. This seems appropriate as the reduction is a consequence of the transfer of the sheltered equity share properties to the General Fund.

51. Improvement Grants

- (a) Improvement Grants were moved to the Housing Portfolio from the Environmental Health Portfolio earlier in 2010/11 and for the purpose of comparison the actual expenditure for last year and the original estimate for this year are shown in the housing capital programme.
- (b) £20,000 has been vired to this budget from Environmental Health to pay for a renovation loan. There is a further application which is unlikely to progress until early next year, however, £20,000 has also been moved into this budget from the sum previously set aside for the Housing Renewal Scheme in Environmental Health.
- (c) Whilst the other improvement grants are discretionary and can potentially be rationed, the disabled facilities grants are mandatory. Although there is some support from central government for this expenditure it does not increase in line with expenditure.
- (d) It is difficult to arrive at a reliable estimate for improvement grants because of the demand lead nature of the expenditure, the reliance on outside contractors and the availability of the County Council's occupational health officers.

52. Grants to RPs

A considerable sum is expected to be received as a consequence of Section 106 agreements in relation to developments in the area. This money is ring fenced for social housing and, unless it is spent within a defined period (normally 3 to 5 years), can be reclaimed by the developer. It is proposed that £1.25 million will be used over the next five financial years to provide partial funding for Registered Provider (housing association) projects. It is anticipated that between 30 and 150 additional

properties (for which the Council would have nomination rights) could be built or renovated with this budget.

53. The prudential code requires Authorities to look at expenditure in the HRA capital programme and estimate the incremental impact of new capital investment decisions in relation to the average weekly housing rent. The first step is to forecast the HRA programme without changes. This has been done by taking the original estimate for 2010-11, uprated by the 2.5% (used for inflation throughout the Council's estimates), and comparing it to the proposed expenditure in order to establish how much additional expenditure, if any, is in the estimates. This comparison is given below:

	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
a)	4,603	4,443	3,830	3,830	3,830	3,830
b)	4,603	4,718	4,836	4,957	5,081	5,208
c)		(275)	(1,006)	(1,127)	(1,251)	(1,378)

where a) is the total proposed HRA capital programme
 b) is the existing programme adjusted for inflation
 c) is the difference between a) and b) which shows that there is no increase on the existing programme.

54. In order that all significant capital items may be evaluated consistently throughout the Council, those items in the capital programme in 2010/11 or later that are over £25,000 in value are subject to the completion of a proposal form, for consideration alongside the capital programme being approved. Accordingly, the relevant proposal forms for this portfolio are attached at **Appendix D (1-8)**
55. The overall capital programme for the Council will be subject to further consideration by Cabinet and Council. Both the expenditure and funding could, therefore, be subject to change.

Implications

56. Financial:
- (a) The estimates for the General Fund Services of the Housing Portfolio will be included in the General Fund Summary of estimates along with the expenditure of other Portfolios.
- (b) The Capital Estimates (both HRA and General Fund) for this Portfolio will be included in the Council's Capital Programme.

Legal	There are no direct legal implications resulting from this report. The estimates show the financial effect of decisions that have already been made.
Staffing	There are no additional staffing implications resulting from this report. The estimates reflect staffing decisions previously made.
Risk Management	These estimates need to be endorsed so that they can be included in the General Fund Summary to be presented to Cabinet and confirmed by Council in February 2011.
Equality and Diversity	There are no direct equality and diversity implications resulting from this report. Equality and diversity issues will have been considered in the decisions which these estimates reflect.
Equality Impact	No

Assessment completed	As above.
Climate Change	There are no direct climate change implications resulting from this report. Climate change issues will have been considered in the decisions which these estimates reflect.

Consultations

57. The relevant cost centre managers, who are responsible for setting the level of their respective budgets and controlling the expenditure within them, have been consulted in the compilation of the estimate figures.

Effect on Strategic Aims

58. To determine detailed Housing Portfolio budgets to provide the resources for the Council to continue its services to achieve its strategic aims as far as possible within the current financial constraints.

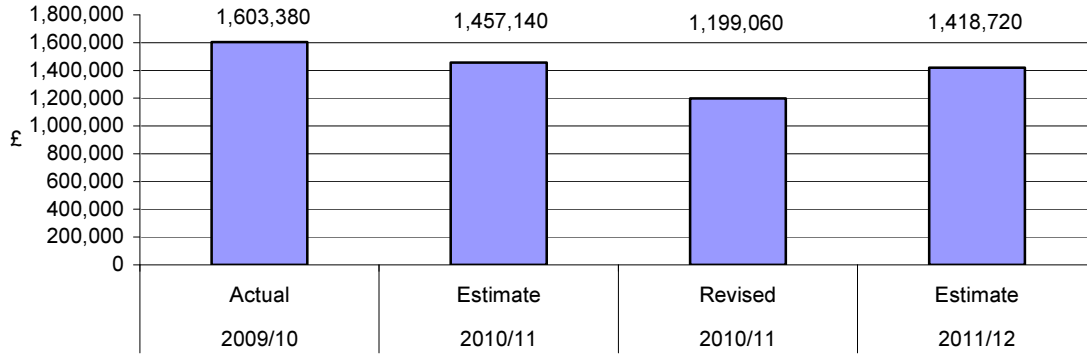
Conclusions/Summary – Housing General Fund

59. The total net Housing General Fund expenditure as shown at **Appendix A** is reproduced below to show the percentage increase/decrease between budgets.

Year	Amount £	Change £	Change %
2009/10 Actual	1,603,380		
		- 146,240	- 9.1
2010/11 Estimate	1,457,140		
		- 258,080 }	-17.7 }
2010/11 Revised	1,199,060	} -38,420	} - 2.6
		+ 219,660 }	+18.3 }
2011/12 Estimate	1,418,720		

These comparisons are shown diagrammatically below:

HOUSING GENERAL FUND



60. The reduction in expenditure between the original estimate and the revised estimate for 2010/11 is mainly owing to the impact of a £500,000 limit being placed on the reserve for travellers issues.
61. It can be seen from the comparison of estimates of direct costs with the target in **Appendix A**, that the estimated direct costs in the 2011/12 estimates are within the required target. The revised estimate for 2011/12 is also within the target.

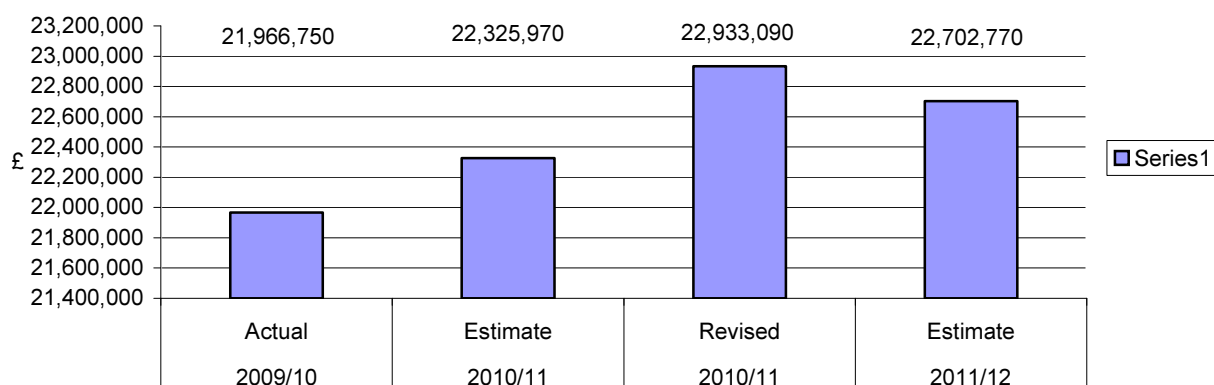
Conclusions/Summary – Housing Revenue Account

62. The total net Housing Revenue Account expenditure as shown at **Appendix B** is reproduced below;

Year	Amount £	Change £	Change %
2009/10 Actual	21,966,750		
		+ 359,220	+ 1.6
2010/11 Estimate	22,325,970		
		+ 607,120 }	+ 2.7 }
2010/11 Revised	22,933,090	} + 1,376,800	} + 6.2
		+ 769,680 }	+ 3.4 }
2011/12 Estimate	23,702,770		

These comparisons are shown diagrammatically below:

HOUSING REVENUE ACCOUNT



63. The main reason for the increase in expenditure from original estimate to the 2010/11 revised estimated increased level of capital expenditure funded from the HRA.
64. The increase in predicted expenditure between the estimate for 2010/11 and the estimate for 2011/12 is mainly owing to the following factors:
 - (a) an increase in the negative housing subsidy payment to the government; and
 - (b) the inclusion of £782,680 of additional revenue funding for capital expenditure.
65. It can be seen from the comparison of estimates of direct costs with the target in Appendix B, that the estimated direct costs in the 2011/12 estimates well in excess of the target. The revised estimate for 2011/12 is also in excess of the target. These excesses can be more than accounted for by the additional amounts being used to fund capital expenditure.

Background Papers: the following background papers were used in the preparation of this report:

Estimates files within Accountancy Services

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