

**Agenda Item No:**

**Report No:**

**Report Title: Housing Revenue Account Budget 2014/2015**

**Report To: Cabinet**

**Date: 13 February 2014**

**Cabinet Member: Councillor Tony Nicholson**

**Ward(s) Affected: All**

**Report By: Director of Finance**

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**Purpose of Report:**

This report presents the Housing Revenue Account Budget and the associated rent proposals for 2014/2015.

**Officers Recommendation(s):**

That Cabinet reviews the Housing Revenue Account Budget and recommends to Council:

1. The budgets for 2014/15 (*Appendices 1 to 6 of this report*).
2. An average dwelling rent increase of 4.81%, effective from 7 April 2014. This is in line with the Business Plan and current Council policy on rent restructuring. (*Section 9 of this report*).
3. The proposed increase of 3.7% in Affordable Rents, effective from 7 April 2014 (*Section 11 of this report*).
4. An average garage rent increase of 3.2%, effective from 7 April 2014. (*Section 12 of this report*). This is in line with the Business Plan and current Council policy on garage rentals.
5. The proposed increase of 3.2% in Private Sector Leased Property rents, effective from 7 April 2014 (*Section 13 of this report*).
6. The proposal to implement revised Service Charges, effective from 7 April 2014 (*Sections 14 to 19 of this report*).

## Reasons for Recommendations

1. To enable the Council to fulfill its legal obligations to produce a balanced Housing Revenue Account for 2014/2015.

## Information

### 2. Introduction

- 2.1. The national Housing Revenue Account self-financing system allows all income generated to be kept locally and available to fund the maintenance and management of the housing stock, service debt and acquire and provide additional Social Housing.
- 2.2. The budgets have been prepared on the basis of the national Housing Revenue Account Accounting Code of Practice and incorporate Restructured Rents, Supporting People and Service Charges.
- 2.3. The Department for Communities and Local Government (DCLG) has established the framework of policy for social housing. Under the current 'rent restructuring' regime, rents for Council owned properties are expected to converge with the property's individual target rent over a number of years, ending in 2015/2016. Each year, the weekly increase is limited to RPI (retail price index) + 0.5% + £2. Once target rent is reached the rent is then increased annually by RPI + 0.5%.
- 2.4. In the Spending Review 2013, the Government announced that rents in the social sector would increase by CPI (consumer price index) + 1% annually (rather than RPI + 0.5%), for the ten year period 2015/2016 to 2024/2025. This action is being taken following the announcement from the National Statistician (the Government's principal adviser on official statistics) that the formula used to produce the Retail Price Index does not meet international standards.
- 2.5. The DCLG has indicated that it is minded not to extend rent convergence beyond 2014/2015 and has entered into a consultation exercise, which ended in December 2013. DCLG expects most landlords to have reached rent convergence (target rent) by 2015, but this is not the case for all local authorities, including this Council. Ending rent convergence a year early would result in rent levels within the HRA being lower than was assumed in calculating the amount of borrowing taken on by local authorities at the start of the self-financing system on 1 April 2013.
- 2.6. Formal consultation on the proposed changes took place in October 2013. The Council responded to the consultation in liaison with TOLD (Tenants' of Lewes District), expressing opposition to the proposed change. Cabinet will be advised of the outcome of the consultation exercise. The budgets have been prepared on the existing rent restructuring policy.

### 3. Budget Information

- 3.1. The Housing Revenue Account Budget 2014/2015 is in line with the Business Plan and current Council policy on rent restructuring. The budgets include a contribution to finance the capital programme of £1,294,720 and show an estimated balance in hand at year end of £3,272,252. The increase in average dwelling rents is 4.81%.
- 3.2. It is essential to keep the long-term Business Plan updated with current information about the condition of the housing stock, so that spend on future major repairs and replacements can be synchronised with available resources. The surplus generated in the 2014/2015 Budget, £0.457m, will provide funding for a condition survey and associated data analysis: a report will be made to Cabinet in 2014/2015 to propose the approach.
- 3.3. A provision of 1% has been made for movements in the pay bill in line with national priorities. Salary budgets also allow for contractual salary increments.
- 3.4. The budgeted employer's pension contribution rate for 2014/2015 is the same as that proposed by the actuary following the three yearly review of the East Sussex Pension Fund, which was finalised in December 2013.
- 3.5. Inflation has been provided to cover known price changes, such as utility and contractual commitments. In addition, the noted items in 3.6 to 3.8 have been provided in the budget.
- 3.6. The planned and responsive maintenance budgets allow for increases of £39,000 (3%) and £50,000 (3%) respectively. This allows for the increase in costs forecasted by the Royal Institution of Chartered Surveyors (RICS).
- 3.7. A new 5 year contract for insurance commences in April 2014. The cost of insuring the housing stock will be £37,000 less than in 2013/2014. A provision of £50,000 is included in the estimates for known and potential claims arising from the policy excess. In addition, a further provision of £12,000 is included for minor claims, which are not handled by the Council's insurer.
- 3.8. A sum of £485,000 is included in the revenue estimates for capital projects that are not traditionally funded from borrowing or the Major Repairs Reserve. The projects include housing estate recreation and play areas, environmental improvements, digital TV reception and improvement to Council garages.

### Budget Presentation

#### 4. Budget Layout

- 4.1. The budget layout complies with national accounting requirements and includes explanatory notes within the body of the budgets. An explanation of items included within the expenditure headings is given below.

- a) Employees – Includes the salary costs of the Council’s workforce directly providing the service. This heading includes employee related insurance premiums.
- b) Premises – Includes the costs associated with buildings such as repairs and maintenance, upkeep of grounds, energy, water charges and Business Rates.
- c) Transport – Running costs of council owned vehicles together with employee car allowances and use of public transport.
- d) Supplies and Services – Day to day running costs such as printing, stationery, telephones, external professional services and department overheads in respect of employees who directly provide the service.
- e) Agency and Contracted Services – Where a contractor wholly undertakes the provision of a service, the costs will be shown against this heading.
- f) Support Services – This heading includes costs such as accountancy, legal, and information technology services (e.g. hardware, software and operational systems).

**4.2.** The Housing Revenue Account Budget is set out in the following appendices.

- Appendix 1 Housing Revenue Account Summary
- Appendix 2 Supervision and Management Account
- Appendix 3 Special Services Account
- Appendix 4 Repairs and Maintenance Account
- Appendix 5 Housing Revenue Account Resources Summary
- Appendix 6 Working Balance Allocation

## **Housing Revenue Account Debt**

### **5. Housing Debt and Debt Ceiling**

- 5.1.** The Government continues to maintain control of local authority borrowing for housing purposes. This Council’s Housing Revenue Account borrowing is capped at £72.931m. Actual borrowing at 1 April 2014 is projected to be £67.204m, leaving borrowing headroom of £5.727m, as shown in Table 1.
- 5.2.** The HRA Capital Financing Requirement is met by a combination of loans, as summarised in Table 1. The Public Works Loan Board (PWLB) loan interest rate is the average interest rate payable on a combination of individual loans with varying maturity dates. A fixed rate of interest applies to the Barclays Bank loan. The internal borrowing (from the General Fund) interest rate is equivalent to the indicative PWLB one year rate. The approach that is taken on internal borrowing is specified within the Council’s Treasury Management Strategy.

**TABLE 1**

	<b>Loans 1 April 2014</b>	<b>Interest Rate %</b>	<b>Interest Amount £</b>
Public Works Loan Board	51,673,000	2.907	1,502,100
Barclays Bank	5,000,000	4.500	225,000
Internal Borrowing from General Fund	10,530,925	1.350	141,800
<b>Total Debt</b>	<b>67,203,925</b>	<b>2.781</b>	<b>1,868,900</b>
Debt Headroom	5,727,075		
<b>Debt Allocation &amp; Debt Cap</b>	<b>72,931,000</b>		

## The Budget 2014/2015

### 6. The Major Repairs Reserve

- 6.1.** It is essential that there are sufficient resources set aside within the Housing Revenue Account for the long term maintenance and renewal of the housing stock. This is achieved by setting aside in the Major Repairs Reserve the amount charged to the Housing Revenue Account as depreciation each year.
- 6.2.** Authorities are expected to use the Major Repairs Reserve in line with the priorities and phasing set out in the Business Plan and maintain the decent homes standard, rather than fund the acquisition of new assets.
- 6.3.** The projected movements on the Major Repairs Reserve are shown in TABLE 2 below.

**TABLE 2**

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance 1 April	573,141	387,735	1,033,065	708,165	303,265
Depreciation	3,709,140	3,712,300	3,705,100	3,705,100	3,705,100
Capital Programme Funding	(3,894,546)	(3,066,970)	(4,030,000)	(4,110,000)	(4,008,365)
Balance 31 March	<b>387,735</b>	<b>1,033,065</b>	<b>708,165</b>	<b>303,265</b>	<b>-</b>

- 6.4.** Cabinet will consider the use of the Major Repairs Reserve and the level of balance required for the immediate future as part of its capital programme recommendations. Tenant representatives are consulted on the use of the Reserve.

## 7. Working Balance

- 7.1. The HRA Business Plan has a target general Working Balance of £1.8 million. Progress towards the target will be dependent upon the outturn for each year. This position allows for the continuing volatility of the current economic climate.
- 7.2. In addition to the General element of the Working Balance, amounts are held to fund potential costs in future years. TABLE 3 draws together all the earmarked components of the HRA working balance and shows the projected Working Balance at 31 March 2015.

**TABLE 3**

<b>Working Balance Allocation</b>	<b>Actual 2012/13 £</b>	<b>Original 2013/14 £</b>	<b>Projected 2013/14 £</b>	<b>Budget 2014/15 £</b>
General Working Balance	1,489,068	1,432,439	1,633,852	2,090,552
Capital Expenditure	731,380	-	-	-
Budget Carry Forwards	100,800	-	-	-
Service Charges	110,952	103,849	-	-
Special Projects	659,087	1,375,873	906,700	906,700
Agile Working IT Project	100,375	278,410	-	-
Self Insurance	275,000	275,000	275,000	275,000
<b>Total Working Balance</b>	<b>3,466,662</b>	<b>3,465,571</b>	<b>2,815,552</b>	<b>3,272,252</b>

## 8. The Revenue Budget 2014/2015

- 8.1. The budget for 2014/2015 shows a balanced revenue account, with a positive impact on the working balance. The major variations for 2014/2015 are analysed below in TABLE 4.

**TABLE 4**

Budget Variations	Budget 2014/15 £'000	Budget Variations	Budget 2014/15 £'000
Original Net Surplus 2013/14	(777)	Repairs and Maintenance	
Rents from Dwellings, Land & Buildings	(260)	Employees, Central Support & Admin	(67)
Charges for Services	16	Planned Repairs	39
Community Amenities Contribution	01	Responsive Repairs	13
Income From Works Recharged	39	Capital Charges	(10)
Supervision and Management		Rents & Rates	(67)
Employees, Central Support & Admin	(93)	Premises Insurance	37
Professional Services & Advice	(10)	Contribution to Capital Programme	112
Tenants Incentive & Relocation	56	Debt Management Costs	(01)
Special Services		Supporting People Contribution	(03)
Employees, Central Support & Admin	(28)	Debt Repayment Provision	513
Sheltered Alarm Systems	30	HRA Investment Income	(20)
Warden Call System	05	Provision for Bad Debts	10
		Depreciation of Fixed Assets	08
		Net Variation	<u>320</u>
		Projected Net Deficit (Surplus)	(457)
		Projected Balance 1 April 2014	(2,815)
		Estimated Balance 31 March 2015	<u>(3,272)</u>

## 9. The Rent Decisions

9.1. A short explanation of the different rents used in setting tenant rents is given below.

- **Formula Rent** - The formula rent is the rent for an individual property calculated in accordance with the Government's prescribed formula. The formula rent is to be phased in over a transitional period ending in 2015/2016.
- **Actual Rent** - The actual rent is the rent which is paid by individual tenants in respect of their property. Simply speaking, the rent for an individual property is calculated according to a specified formula which takes into account the relative property valuation, relative local earnings and the number of bedrooms.
- **Limit Rent** - The limit rent is the maximum rent on which the Government is prepared to pay Rent Rebate subsidy. Rent Rebates are accounted for in the General Fund. If the adjusted actual weekly rent exceeds the limit weekly rent, the cost is met by the General Fund.

9.2. Rents and the Transitional Period - At the end of the transitional period in 2015/2016, the Formula Rent, Actual Rent and the Limit Rent should all be the same. As noted in paragraph 2.5 the Government is proposing to end the current convergence system a year ahead of schedule, in 2014/2015.

- 9.3.** TABLES 5 & 6 summaries the average formula rents and actual rents for 2014/2015, exclusive of service charges. The average actual rent takes account of any “rent limits” and “rent caps” applied at individual property level. In simple terms, where the actual rent is below the formula rent, the rent can be expected to increase above the rate of inflation over future years.
- 9.4.** The “rent limit” increase applied at individual property level for 2014/2015 is based on the formula (RPI - September) 3.2% + ½% + £2 per week.
- 9.5.** The “rent cap” takes precedence over the formula rent calculation in cases where the weekly formula rent would otherwise be higher. The “rent cap” increases each year by RPI (September) 3.2% + 1%. The Council’s rents are not affected by the cap.
- 9.6.** The average actual rent is £87.89 per week and the average formula rent is £90.05 per week, which exceeds the average actual rent by £2.16 per week. The average actual rent increase is £4.03 (4.81%) per week, and the average formula rent increase is £3.21 (3.70%) compared with 2013/2014. This is in line with the Business Plan and current Council policy on rent restructuring.

Projected Actual and Formula Rents 2014/15 (Based on December 2013 Data)

**TABLE 5**

Dwelling Type	Average Weekly		
	Target Formula Rent 2014/15	Actual Rent 2014/15	Actual/Target Difference 2014/15
	£	£	£
Bedsits	60.50	60.25	0.25
1 Bedroom Flat	72.78	71.92	0.86
2 Bedroom Flat	81.94	81.23	0.71
3 Bedroom Flat	87.35	86.73	0.62
4 Bedroom Flat	97.50	97.28	0.22
1 Bedroom House	84.35	80.39	3.96
2 Bedroom House	97.39	93.41	3.98
3 Bedroom House	106.97	104.35	2.62
4 Bedroom House	115.21	112.63	2.58
5 Bedroom House	129.92	115.13	14.79
6 Bedroom House	139.61	129.24	10.37

**TABLE 6**

Dwelling Type	Average Weekly		
	Target Formula Rent 2014/15	Actual Rent 2014/15	Actual/Target Difference 2014/15
	£	£	£
All Bedsits	60.50	60.25	0.25
All Flats	77.18	76.40	0.78
All Houses	101.32	98.04	3.28
<b>All Dwellings</b>	<b>90.05</b>	<b>87.89</b>	<b>2.16</b>

## 10. Restructured Social Housing Rents

- 10.1.** Throughout the transition process the Government has imposed various ‘rent caps’ and ‘rent limits’ on the movement in rents between years. In addition, the Council decided on three occasions to diverge from the national transition path. The ‘caps’, ‘limits’ and divergences from the transition path mean that convergence for all properties will not be completed by 2015/2016.



**10.2.** TABLE 7 shows the projected convergence position of properties at 31 March 2016 (based on December 2013 data).

**TABLE 7**

<b>Projected Convergence Position at 31 March 2016</b>				
<b>Convergence Difference</b>	<b>Number of Properties</b>	<b>Number of Properties %</b>	<b>Average Weekly Rent £</b>	<b>Annual Rent Shortfall £</b>
Converged	<b>2,768</b>	<b>85.27</b>	-	-
Below £1	100	3.09	0.37	1,924
£1 - £1.99	35	1.08	1.53	2,785
£2 - £2.99	31	0.96	2.44	3,933
£3 - £3.99	18	0.55	3.41	3,192
£4 - £4.99	40	1.23	4.61	9,589
£5 - £9.99	90	2.77	7.52	35,194
£10 - £14.99	60	1.85	12.61	39,343
£15 - £19.99	57	1.76	16.54	49,025
£20 - £24.99	26	0.80	22.70	30,690
£25 - £29.99	18	0.55	27.34	25,590
£30 - £34.99	1	0.03	30.91	1,607
£35 - £39.99	1	0.03	37.81	1,966
£40 - £42.00	1	0.03	41.87	2,177
Not Converged	<b>478</b>	<b>14.73</b>	<b>8.23</b>	207,015
Total	<b>3,246</b>	<b>100.00</b>		

**10.3.** The table indicates that 2,768 (85%) properties are projected to achieve rent convergence at 31 March 2016. However, 478 (15%) properties will not achieve rent convergence. Of these properties, 100 (3%) properties are for amounts of less than £1 per week. The projected notional loss of rental income from the properties which have not converged is £207,015 per annum.

**10.4.** The Council is in discussion with TOLD (Tenants' of Lewes District) on those properties that have not achieved rent convergence. Proposals for the remaining properties will form part of the budget report for 2015/16.

## **11. Affordable Rents**

**11.1.** The Council has acquired two properties under the Mortgage Rescue Scheme, as facilitated by Moat Homes Ltd (MOAT). The rents on these properties are set as Affordable Rents, which are based on 80% of the monthly Market Rent. The agreements provide that the rents will increase in April each year by the Retail Price Index (September RPI) plus 0.5%

**11.2.** The increase for 2014/2015 will be 3.7% (September RPI 3.2% + 0.5%).

## **12. Garage Rents**

**12.1.** Garage Rents are not within the scope of formula rents and are excluded from the Government's rent restructuring policy. It is left to each Council to formulate its own policy on [garage rents](#).

**12.2.** The Council continues to undertake a programme of refurbishment works to council garages. In approving the refurbishment programme, Cabinet agreed that garage rents should reflect the local garage rental market. Market rents were introduced from April 2011 (refurbished and non-refurbished garages) and were phased in over a period of three years.

**12.3.** Garage rentals are updated by September RPI (the same factor as used in restructured dwelling rents). A review of garage rentals is undertaken every five years to coincide with the revaluation of the Housing Revenue Account portfolio.

**12.4.** TABLE 8 sets out the weekly market rents for garages.

**TABLE 8**

	<b>Full Market Rents Overall £</b>	<b>Rents 2013/14 £</b>	<b>Rents 2014/15 £</b>	<b>Rent Increase</b>	
				<b>£</b>	<b>%</b>
Lowest	11.12	10.78	11.12	0.34	3.2
Average	15.86	15.37	15.86	0.49	3.2
Highest	16.77	16.25	16.77	0.52	3.2

### **13. Private Sector Leased Property Rentals**

**13.1.** The Council's private sector leasing (PSL) scheme falls outside the scope of formula rents and is accounted for in the General Fund as opposed to the Housing Revenue Account. The properties are leased from owners/landlords for a three-year period and sub-let to homeless families. There are currently sixteen properties within the scheme.

**13.2.** The annual rent increase, if any, to owners is dealt with in the head lease.

**13.3.** The Council's policy is to increase PSL rents each April by the September RPI inflation factor, which is 3.2% for 2014/2015. This is the same inflation factor used for Social Housing Rents.

### **The Service Charges Decisions**

#### **14. The Special Services Charge**

**14.1.** The Special Services Charge recovers the cost of estate services and estate maintenance (e.g. grounds maintenance, grass cutting of open spaces & common areas, communal lighting) not recovered through specific property service charges.

**14.2.** The Special Services Charge for 2014/2015 has been revised, in accordance with agreed Council practice, to reflect the proposed budget. The average Special Services Charge for 2014/2015 is £0.25 per week, unchanged from 2013/2014.

## 15. The Communal Services Charge

**15.1.** The Communal Services Charge recovers the cost of caretaking, cleaning, door entry & alarm systems, TV receiving equipment, laundry services, communal lighting and grass cutting of communal areas to tenants living in general needs flats.

**15.2.** The Communal Services Charge has been revised to reflect the 2014/2015 budget. The average Communal Services Charge for 2014/2015 is £3.08 per week (2013/2014 £3.01).

## 16. The Homeless Accommodation Service Charge

**16.1.** The service charge relates to the facilities provided at the various homelessness properties held within the Housing Revenue Account. Service charges for the units at Saxonbury are subject to a reduction which recognises that the building is not energy efficient.

**16.2.** The Homeless Accommodation Service Charge for 2014/2015 has been revised, in accordance with agreed Council practice, to reflect the proposed budget. The average personal services charge for 2014/2015 is £14.16 per week (2013/2014 £10.73), and the average communal services charge is £20.67 per week (2013/2014 £20.95). The communal element of the service charge is eligible for housing benefit.

## 17. The Supported Housing Service Charge

**17.1.** The Supported Housing Service Charge has been revised to reflect the budget for 2014/2015. The proposed service charges for 2014/2015 are set out in TABLE 9. The communal element of the service charge is eligible for housing benefit.

**TABLE 9**

Scheme	Location	Sheltered	<b>Sheltered</b>	Sheltered	<b>Sheltered</b>
		Housing	<b>Housing</b>	Housing	<b>Housing</b>
		Charges	<b>Charges</b>	Charges	<b>Charges</b>
		Personal	<b>Personal</b>	Communal	<b>Communal</b>
		2013/14	<b>2014/15</b>	2013/14	<b>2014/15</b>
		£	<b>£</b>	£	<b>£</b>
Allington, Baden's, Brooks & Millfield	Newick	-	-	19.14	<b>17.76</b>
Arundel & Southdown Roads	Peacehaven	-	-	19.31	<b>18.24</b>
Ashington/Chichester/Downland	Peacehaven	-	-	16.84	<b>15.12</b>
Bougey Place	Lewes	-	-	26.87	<b>25.16</b>
Churchill House	Seaford	7.63	<b>7.79</b>	24.70	<b>21.91</b>
Coldstream House	Seaford	-	-	28.34	<b>27.90</b>
Meridian Court	Peacehaven	9.22	<b>9.90</b>	27.15	<b>25.19</b>
Mill Close & Mill Road	Ringmer	-	-	19.08	<b>18.46</b>
Neill's Close & Jubilee Homes	Newhaven	-	-	17.20	<b>15.61</b>
Newton Road	Lewes	-	-	19.94	<b>18.75</b>
Rathan Court	Newhaven	8.67	<b>9.74</b>	23.42	<b>20.24</b>
Reed Court	Lewes	6.77	<b>8.52</b>	26.87	<b>25.16</b>
Seaford House	Seaford	6.38	<b>6.90</b>	25.70	<b>23.56</b>
St. David's Court	Peacehaven	23.45	<b>21.15</b>	15.04	<b>22.48</b>
<b>Average</b>		<b>9.99</b>	<b>10.08</b>	<b>21.20</b>	<b>20.42</b>

## 18. The Supporting People Service Charge

- 18.1.** East Sussex County Council has concluded its review of the financial contribution it makes towards the cost of providing the Supporting People service. The County Council proposes from April 2014, to reduce their eligible tenant contribution from £12 to £10 per week. The number of tenants eligible for support is capped at 307 units. The reduction in contribution from the County Council amounts to £32,000.
- 18.2.** Eligible tenants in receipt of the support package receive financial support from the County Council. Where there is no entitlement to financial support, tenants are required to pay the full support charge of £10 per week (2013/2014 £12 per week) from their own resources. There are currently 38 tenants paying the full support charge.
- 18.3.** Tenants who are not eligible for support from the County Council but were tenants at the start of the new scheme (April 2003) are entitled to full protection until such time as their tenancy is terminated. There are currently 22 tenants who receive full protection, which is estimated to cost £13,700 (2013/2014) and £11,400 (2014/2015). This is a charge on the Housing Revenue Account.

## 19. Other Service Charges

All other service charges have been updated to reflect the 2014/2015 budget and achieve full cost recovery. This charge includes sundry charges for digital television reception, residual lifeline services and domestic cookers provided at certain properties.

## The Capital Programme

**20.** The capital programme is restricted to the amount of funding available from four major sources.

- *Prudential Borrowing.* Any borrowing to fund additions or improvements to the stock must be affordable to the HRA. The borrowing must not take the total debt above the cap of £72,931,000 (paragraph 5.2 - TABLE 1).
- *The Major Repairs Reserve* (paragraph 6.3 - TABLE 2).
- *Capital Receipts.* As an indication, in the first nine months of 2013/2014, the proceeds from the sale of eleven dwellings amounted to £1,048,780, which have been allocated, in accordance with statutory requirements, for four purposes.
  - (i) To finance Non-HRA capital expenditure (£104,033);
  - (ii) To repay HRA borrowing, in accordance with the self-financing settlement (£239,277);
  - (iii) To pay the Government its prescribed share, (£245,598);
  - (iv) To fund new affordable housing, in accordance with the Government scheme introduced in April 2012 (£459,872).

21. Capital Requirements for the next three years are shown in TABLE 11. This is based on historic stock condition survey data and is likely to be revised when updated information becomes available in 2014/2015.

21.1. TABLE 10 shows those items within the approved 2013/2014 Capital Programme (as reported to Cabinet in November 2013) relating to those services covered by the Housing Revenue Account.

21.2. Capital schemes in respect of private sector housing or housing association schemes are within the General Fund Housing Investment Capital Programme.

21.3. This approach is taken because some of the resources which are available to the Council to fund the Capital Programme can be used on either the General Fund or Housing Revenue Account, for example capital receipts, whereas other resources can only be used for HRA purposes. Cabinet agrees the split of the shared resources, according to its overall priorities for capital expenditure.

**TABLE 10**

Ref	HRA Investment Capital Programme	2013/14
		£
1	Expenditure	
2	Improvements to Stock	
3	- Kitchen & Bathroom Renewals	459,150
4	- Heating Improvement Programme	1,331,950
5	- Electric Heating Sustainable Replacement	675,700
6	- Window & Door Replacement Programme	486,380
7	- Rewiring Programme	113,300
8	- Roofing & Chimney Works	254,600
9	- Structural Works	72,470
10	- Minor Insulation & Sundry Housing Works	104,680
11	- Fire Precaution Works	287,260
12	Adaptations for Disabled Tenants	496,640
13	2 Ashington Gardens, Peacehaven (Flat Conversion)	1,500
14	63 Meeching Road, Newhaven (Flat Conversion)	32,000
15	40a/b & 41a/b Mountfield Road, Lewes (Conversion)	1,500
16	Digital TV Aerial & Cabling Works	9,370
17	Environmental Improvements	107,600
18	Repair & Improvement of Council Garages & Fencing	259,350
19	Refurbishment of Anchor Field Car Park, Ringmer	27,100
20	Housing Estates Recreation and Play Areas	35,180
21	Sheltered Schemes Emergency Alarm System	159,180
22	Churchill House, Seaford (Lift Replacement)	137,370
23	Rooms in Roofs Conversions	202,850
24	Door Entry Security Systems	100,000
25	The Crest, Newhaven (Purchase & Commissioning)	174,380
26	St. David's Court Office Upgrade	5,270
27	Mortgage Rescue Scheme	363,700
28	Right to Buy - Buy Back Scheme	167,620
29	<b>Total</b>	<b>6,066,100</b>

30	Funding	£
31	Borrowing	400,820
32	Major Repairs Reserve	3,066,970
33	Capital Receipts	139,380
34	Revenue Account Contributions (HRA)	2,279,880
35	Revenue Account Contributions (GRA)	13,550
36	Grants and Contributions	165,500
37	Total	<b>6,066,100</b>

**21.4.** The proposed programme for the three-year period 2014/15 to 2016/17 is shown in TABLE 11 below. It assumes the Council undertakes prudential borrowing of £272,930, utilises the Major Repairs Reserve of £12,148,365, makes a revenue contribution to the capital programme of £4,402,755 and receives grants and contributions of £84,870. The programme excludes retained receipts arising from Right to Buy sales.

**TABLE 11**

Ref	HRA Investment Capital Programme	2014/15 £	2015/16 £	2016/17 £
1	Expenditure			
2	Improvements to Stock			
3	- Kitchen & Bathroom Renewals	680,000	760,000	810,000
4	- Heating Improvement Programme	1,300,000	1,300,000	1,400,000
5	- Electric Heating Sustainable Replacement	700,000	700,000	750,000
6	- Window & Door Replacement Programme	700,000	700,000	750,000
7	- Rewiring Programme	100,000	100,000	110,000
8	- Roofing & Chimney Works	450,000	450,000	480,000
9	- Structural Works	100,000	100,000	110,000
10	- Minor Insulation & Sundry Housing Works	100,000	100,000	110,000
11	- Fire Precaution Works	150,000	200,000	215,000
12	Adaptations for Disabled Tenants	430,000	430,000	430,000
13	Digital TV Aerial & Cabling Works	100,000	100,000	110,000
14	Environmental Improvements	110,000	110,000	120,000
15	Repair & Improvement of Garages & Fencing	110,000	110,000	120,000
16	Housing Estates Recreation & Play Areas	40,000	40,000	42,000
17	Rooms in Roofs Conversions	204,720	176,400	190,000
18	Door Entry Security Systems	50,000	50,000	53,000
19	Mortgage Rescue Scheme	175,700	-	-
20	Right to Buy – Buy Back	182,100	-	-
21	Total	<b>5,682,520</b>	<b>5,426,400</b>	<b>5,800,000</b>
22	Funding			
23	Borrowing	272,930	-	-
24	Major Repairs Reserve	4,030,000	4,110,000	4,008,365
25	Revenue Account Contributions (HRA)	1,294,720	1,316,400	1,791,635
26	Grants and contributions	84,870	-	-
27	Total	<b>5,682,520</b>	<b>5,426,400</b>	<b>5,800,000</b>

## 22. Tenant Consultation

An integral part of the Budget process is a constructive dialogue with The Tenants of Lewes District Group (TOLD). This year the Council has been in ongoing discussions with TOLD regarding the Revenue Budget and Capital Programme.

23. These are included in the main body of the report.

### **Sustainability Implications**

24. I have not completed the Sustainability Implications Questionnaire as this Report is exempt from the requirement because it is a budget monitoring report.

### **Risk Management Implications**

25. I have completed a risk assessment in accordance with the Council's Risk Management methodology and the following risks and mitigating factors have been identified.

26. The Revenue Budget has been compiled in accordance with the approved budget preparation guidelines, mitigating the risk that the budgets do not reflect likely expenditure needs or income levels. The budget is consistent with the 30 year Business Plan for the Housing Revenue Account.

### **Equality Screening**

27. The equality screening process for this report took place in January 2014. No potential negative impacts were identified.

### **Legal Implications**

28. None arising from this Report

### **Background Papers**

The DCLG Rents for Social Housing from 2015/2016 consultation document.

### **Appendices:**

- Appendix 1 – HRA Budget 2014/2015 Summary
- Appendix 2 – HRA Budget 2014/2015 Supervision and Management
- Appendix 3 – HRA Budget 2014/2015 Special Services
- Appendix 4 – HRA Budget 2014/2015 Repairs and Maintenance
- Appendix 5 – HRA Budget 2014/2015 Resources Analysis
- Appendix 6 – HRA Budget 2014/2015 Working Balance Allocation