

Subject: Housing Revenue Account Budget 2009/10
Late Amendment

Date of Meeting: 20 January 2009

NOTE OF: Director of Adult Social Care & Housing
Director of Finance & Resources

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Key Decision: Yes **Forward Plan No.** HSG 6576

Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This note details a late amendment to the Housing Revenue Account (HRA) Budget 2009/10 report, item 57 on this agenda. This new information was only made available on 15 January 2009.

2. RECOMMENDATIONS:

- 2.1 That the Housing Management Consultative Committee recommends to Housing Cabinet that the late adjustment is included in the HRA 2009/10 budget.

3. HRA BUDGET PROPOSALS 2009/10 – LATE AMENDMENT

- 3.1 The late amendment to the budget is in respect of Capital Financing Costs and the Capital Financing element of Housing Subsidy. This is a result of a review on interest rates for the period April 2009 to March 2011, by the Director of Finance & Resources following the reduction in official interest rates from 2% to 1½% announced by the Bank of England on 8 January 2009. Indications are that a further cut in official rates will be announced before April 2009 and the revised budget for Capital Financing Costs reflects this position.
- 3.2 A reduction in assumed interest rates has reduced the HRA Capital Financing Costs (borrowing costs) by £0.258 million. As the Government assumes that the HRA has more supported borrowing than it actually has, this means that the loss of subsidy is greater at £0.379 million. These result in a net loss of resources to the HRA of £0.121 million and in order to maintain a breakeven budget, Revenue Contributions to Capital will be reduced by this amount.

- 3.3 The additional loss of Housing Subsidy of £0.379 million has increased the revenue subsidy payable to £12.317 million compared to £11.494 million payable last year. The overall subsidy position (taking into account the capital element) is a payment to the Government of £2.965 million (called negative subsidy), an increase of £0.538 million.
- 3.4 An updated Appendix 1 detailing the 2009/10 Budget is attached with the amendments highlighted for your information.

Appendix 1

HOUSING REVENUE ACCOUNT - BUDGET 2009-10			
	2008-09 Adjusted Budget £'000	2008-09 Forecast Outturn £'000	2009-10 Original Budget £'000
EXPENDITURE			
Employees	9,019	8,644	9,262
Premises - Repairs, Response & Voids	7,401	7,446	7,342
Premises - Repairs, Service Contracts	2,777	2,881	2,910
Premises - Repairs, Programmed Repairs	657	614	764
Premises – Grounds Maintenance	512	503	505
Premises - Other	2,404	2,443	2,428
Transport	159	249	187
Supplies and Services - Provision for Bad Debt	300	320	308
Supplies and Services - Other	1,730	1,528	1,633
Support Services - from Other Departments	2,300	2,319	2,250
Revenue contribution to Capital Schemes	3,385	3,465	4,854
Capital Financing Costs	4,941	4,908	4,356
Housing Subsidy Payable	11,494	11,547	12,317
TOTAL EXPENDITURE	47,079	46,867	49,116
INCOME			
Rents Dwellings	(41,009)	(41,069)	(42,870)
Empty Properties	531	508	473
Rents Car Parking/Garages	(758)	(721)	(728)
Commercial Rents	(452)	(490)	(495)
Service Charges	(3,428)	(3,533)	(3,861)
Other recharges and Interest	(1,713)	(1,652)	(1,635)
TOTAL INCOME	(46,829)	(46,957)	(49,116)
DEFICIT / (SURPLUS)	250	(90)	0

