DERBY CITY COUNCIL

COUNCIL CABINET
21 FEBRUARY 2006

Cabinet Member for Housing and Social Inclusion

Housing Revenue Account Business Plan and Budget 2006/07

SUMMARY

1.1 The Housing Revenue Account, HRA, remains financially robust in the short term but faces increasing pressures over time. The HRA has a long term planning framework, with a three-year budget supplemented by a thirty-year business plan, known as the HRA Business Plan, or HRABP.

1.2 Financial risks for the future of the HRABP have increased, and funding is not as generous in future as had previously been hoped, but these risks are manageable. The current year's projected outturn is also likely to be underspent by around £0.7m.

1.3 The proposals contained within the report of the Director of Resources will allow the start of the Estates Pride programme of works with a view to supporting a £15m total programme over a number of years. At this point it is recommended that the Council commits to supporting a number of schemes over five years, a contribution to street lighting, and commits to a balance of capital schemes of £1.635m, expected to start either in 2005/06 or 2006/07. The proposed approvals are set out in Appendix 5 to the report of the Director of Resources. The balance of the Estates Pride programme will be reviewed next year in the light of the financial position as it is then.

1.4 These proposals also include additional funding to allow a contribution towards a scheme of tree maintenance, and introduce a proposed incentive scheme for Derby Homes. There are also plans to help Derby Homes to adjust to lower levels of Supporting People funding in future by assisting with transitional support over the next two years.

1.5 Subject to any issues raised at the meeting, I support the following recommendation.

RECOMMENDATIONS

2.1 To approve the budget set out as part of the HRA Business Plan at Appendix 2 and detailed in Appendix 3 to the report of the Director of Resources.

2.2 To approve the management fee for Derby Homes set out in Appendix 4 to the report of the Director of Resources.

2.3 To approve additional funding of up to £0.68m in 2006/07 and £0.35m in 2007/08 to support Derby Homes as a result of a loss of Supporting People funding.

2.4 To commence on the Estates Pride programme, subject to the views of the Local Area Agreement and other consultation processes, starting with funding of £3m for the period from now until the end of 2006/07, and a commitment to fund NEAT and YIP revenue schemes for up to five years. The detail of this programme is set out in the report of the Director of Resources and at Appendix 5.

2.5 To approve an incentive scheme for Derby Homes, with approval of the detailed scheme to be delegated to the Cabinet Member for Social Inclusion.

REASON FOR RECOMMENDATIONS

3.1 The Estates Pride programme is central to achieving many estate improvements for tenants to match the improvements made to Council dwellings through the Homes Pride programme.

3.2 Financial risks to the HRA have increased as a result of late changes to the final determination and rent capping, but the HRA business plan remains in overall balance over the thirty-year plan period as long as the assumptions made were to continue to hold.

DERBY CITY COUNCIL

COUNCIL CABINET
21 FEBRUARY 2006

Report of the Corporate Director - Resources

Housing Revenue Account Business Plan and Budget 2006/07

SUPPORTING INFORMATION

Review of HRA financial position 2005/06

1. The Housing Revenue Account, HRA, plan for this year involved a substantial surplus during 2005/06. The aim of this was to generate sufficient funding to allow a smooth transition at the end of substantial additional ALMO funding in 2011/12 of over £2.5m a year, and also to enable the creation of an Estates Pride fund for improvements to estates and facilities available for the benefit of tenants, initially assessed as £15m spread over five years from 2006/07.

2. Monitoring of the position so far this year indicates that the budget should be underspent by around £0.7m. This will be reduced by any approved spending on the Estates Pride programme during 2005/06. This year's variance is made up of the following significant variances:

Budget variance	Forecast year end £000	One off / Ongoing	Comments
Housing Revenue Account			
Rent Income	(352)	One off	Fall in RTBs 2004/05 and 2005/06
Contribution to repairs account	86	One off	Fall in RTBs 2004/05 and 2005/06
Derby Homes Supervision & Management - leases	(242)	One off	Secondary lease not required to be paid.
Derby Homes Supervision & Management – pensions	(191)	Ongoing	Adjustment to pension requirement by County Council
Derby Homes Supervision & Management - other	10	One off	Higher inspection costs than anticipated
Other	16	Ongoing	Other minor variances
Total HRA	**(673)**		(498) one off ; (175) ongoing

3. The causes of the underspend include a reduction in the estimated scale of Right to Buy, RTB, sales from 250 to 150 in 2005/06. This has a net benefit for the HRA as rent income is higher, but housing subsidy is not adjusted in year for such trends, and the management fee for Derby Homes is similarly unaffected in year. A larger stock will help ease the pressure on Derby Homes to contain costs slightly.

Future planning

4. The HRA budget has to be balanced each financial year, and the Council has to plan for the HRA over a period of thirty years. The proposed HRABP for the next thirty years is set out at Appendix 2. A more detailed budget for the HRA for the next three years is set out at Appendix 3.

Previous plan

5. In the previous plan, key assumptions were made about rent levels, capital costs and funding, and management and maintenance allowances, MMAs.

- **Rents**: it was assumed that rent restructuring would continue until 2012, and that the government's proposals about further rent restructuring advanced last year would be implemented.

- **Capital:** it was assumed that the Homes Pride programme would be completed on time, without any cost overruns, and that costs thereafter could be contained within funding levels made available by the government through the Major Repairs Allowance, MRA.

- **Management and Maintenance Allowance, MMAs:** it was assumed that a further and final small gain would emerge in 2006/07 relating to the major changes that benefited Derby in 2004/05 and were phased in.

Review of key assumptions

6. To a large extent, these assumptions continue to hold true. The one major change is in the way in which the Government's rent restructuring proposals are now to be implemented. These were published along with the draft determination for 2006/07. In essence, the government is adopting the recommendations of the review that reported last year, suggesting higher weightings for dwellings with more bedrooms and a changed basis of moving to rent convergence, but has backdated the change to the start of the rent restructuring period rather than starting from where we are now. The impact of these changes is to increase expected rents in 2011/12 by a significant amount.

7. Previously the expectation had been of an average rent of £63.08 by 2011/12. The new guidance increases this by 7% to £67.56. This will inevitably increase the pressure on rents and require still faster increases over the remainder of the rent restructuring period at least. This new policy will add around 1% a year to the pressure on rents. It also increases substantially the amount of rent that can be charged before rent rebate subsidy limitation, RRSL, penalties are imposed. It is this level that the Council currently attempts to use to guide the actual rents charged.

8. The report on the HRA Business plan in February 2005 indicated that the HRA needed to increase rents by around 5% a year over the remainder of the rent-restructuring period. The overall increase now required is around 6% a year. The government as part of its consultation is now considering implementing a cap on council rents at 5% a year. This would mean that each local authority's rent could not on average increase by more than 5% a year for the next two financial years. Within this total, some increases can be greater as a result of the increased bed

weightings, or other differences from the government's latest guidance. Some dwellings may well have rent increases well above 5% a year as a consequence, while others have a lower increase.

9. The cap on rents will, however, create a funding gap in the HRA. As expected rents used in the calculation of subsidy are not being capped, there will be an increase of just under 11% in that calculation – compared to 6% previously expected. This means that there is a significant loss of funding within the subsidy system.

10. To counteract this effect, the Government will increase funding for Management and Maintenance Allowances, MMAs by more than the rate of inflation. Nationally it is proposing to increase these by 9.2% next year. Derby has fared relatively well with an increase of over 12%. The idea is that this 'rebasing' of MMAs is neutral across the whole country, and that the extra resources raised by increasing notional rents is added back to MMAs. The problem that remains therefore relates to the capping proposal.

11. Capping of Council rents at 5%, while a restriction on Councils' freedoms, is acceptable if it is backed by resources. Only a limited number of Councils are affected, and the Government has estimated the national cost of this compensation to be around £40m. The impact of a cap in Derby will be to move the HRA steadily away from its formula or target rent by around £350,000 a year if the rent restructuring target remains as it is. The Government has recognised this and is proposing some form of compensation for those affected. It is consulting on how this might be achieved.

12. Assuming that this compensation is set reasonably, then the short-term impact on the HRA may well be alleviated. There remains, however, a longer-term issue about rents. Once the two-year cap is removed, there will be an even greater pressure on the rent for the remaining, shorter, period of rent restructuring. It would appear that rents in Derby would then need to rise by an average of 6.2% a year – assuming 2.5% inflation. Even if this were allowed at that point, the accumulated effect of the previous two years cap could not be fully restored without a rent increase of about 7% in 2008/09. If any lower rent increase were imposed, the HRA would be losing resources unless the government continued the capping compensation beyond the two-year capping period.

13. If rent capping remained, there would then be an even greater gap opening up between the policies of rent restructuring and rent capping. Depending on the way in which it is resolved, this may result in a significant reduction in resources for the HRA. One scenario might be that 5% capping remained after two years. This would result in rent restructuring – and hence higher rent increases - being extended by about two years in Derby's case. Before compensation is taken into account, this could cost the HRA around £8m over eight years. This will clearly have a major impact on the Estates Pride programme if it were to arise.

14. At this point the government has taken no decision beyond the next two years. In this plan, it is assumed that rents will rise according to the cap for 06/07 and 07/08 and thereafter by the amount required to reach convergence, and that full compensation for the losses incurred will be received from the government. At this stage though, the investment in HRA services, and particularly in Estates Pride, needs to be flexible to allow us to deal with any pressures should they arise.

Homes Pride

15. The end of the Homes Pride – or Decent Homes - programme is now in sight, and Derby Homes expect to complete the task of upgrading all non-decent homes, other than those who refused to accept improvement works, by early in 2006. The funding for the whole programme of £97m has been through government approved borrowing, which will be funded by additional housing subsidy. The assumption that there would be no overspend should still be achievable.

16. There needs to be consideration of the ability of the Council to be able to maintain its homes adequately within the funding available in future. In theory, the Major Repairs Allowance, MRA, should cover the cost of routine major repairs over a long period. The MRA was changed last year, and the funding available to Derby reduced by £0.4m a year or around 5%. This year's funding has increased by 3.4%, or 4.9% per dwelling, but remains lower than was expected before the reduction last year. The assumption about meeting all funding needs from the MRA might therefore be more difficult to deliver. To help to cover this position, it is proposed to increase funding for maintenance after 2010 by £180,000 a year to redress this balance to some extent. Repairs spending on our housing stock is less than the average in other councils, reflecting not only the efficiency of the service, but also the better than average condition of the stock. As a result, it is hoped that this level of funding will prove sufficient – although it remains one of the largest risks for the long term in this budget.

Estates Pride

17. The Estates Pride programme is revenue funded by the HRA and can therefore be used on either revenue or capital. It is intended that it can be used in a completely flexible manner, with no time, revenue or capital constraints. This ability to be used flexibly is likely to be particularly helpful when considering external matched funding bids which are often set against very tight timescales and where it is normally difficult to find the funds to allow the matched funding to be offered, thus attracting the grant. It is therefore strongly suggested that a sizeable amount of the funding made available be held back to allow for such flexibility and if necessary to deal with the funding uncertainties outlined above.

18. The Estates Pride programme has been consulted upon extensively with tenants by Derby Homes and will also require approval in principle as part of the Local Area Agreement, which is being sought. The initial proposals are set out at Appendix 5. It is proposed to agree to fund a total of £3m until the end of 2006/07 at this stage, and also to agree in principle to a five-year funding package for some key schemes that will require ongoing yearly support. The remainder would be held at this point to make sure that the future funding position for the HRA remains secure and to allow for some flexibility in delivery of additional schemes, particularly if any offers of matched funding are received.

19. The schemes proposed for approval are …

- Neighbourhood working – towards safer, stronger, cleaner communities: As the Council considers developing the area and neighbourhood agenda, it is important that the Estates Pride programme funding compliments this. It is likely that within each priority area there will be a Neighbourhood Team funded in the main by the

Neighbourhood Renewal Fund and existing council resources. There will be a contribution from Estates Pride towards the street scene services and community safety elements within the areas that are predominantly council owned.

- It is also anticipated that Derby Homes will establish similar, perhaps smaller neighbourhood teams to provide services to other council estates around the City. Using a combination of existing staffing resources and contributions from Estates Pride. The outline cost for this scheme is £2.5m over 5 years.

- Youth Inclusion Programme, YIP. The aim of this programme would be to establish two YIP's, each working with 50 young people at the most at risk of offending or causing anti social behaviour on Council Estates. The outline cost for this scheme is £1m over 5 years.

- A series of contributions to capital works listed at Appendix 5, totaling £874,000. The majority of these schemes is subject to the remainder of the funding being obtained from outside the Estates Pride programme, and will start when this funding is in place. The commitment is for the Estates Pride programme to contribute to those wider schemes, drawing in additional funding of £431,500.

- Further approval for Derby Homes to determine the greatest needs to a total of £3m in 2006/07 – estimated at £761,000 - and to draw up plans for the remainder of the funding for later years. These further developments are likely to include; street scene improvements, security features, fencing, lighting, landscaping or other physical improvements to estates. These improvements would be phased in consultation with tenants, community panels, and other stakeholders including local councillors. External funding will be sought to stretch the funding wherever possible.

20. In addition, the current Street Lighting PFI project will require a contribution from the HRA towards the cost of maintenance and replacement of lighting on estates. The level of contribution would be limited to the value of the lights on estates, made in advance to reduce the overall cost of the project. The likely request for this is around £1.21m. This would be spread £800,000 in 2006/07 and £410,000 in 2007/08. Further lighting is under consideration at additional cost, and this will be resolved separately as part of the consideration of wider benefits by Derby Homes in conjunction with tenants.

21. The approved overall programme in the short term is therefore as set out below:

	£000
2005/06 and 2006/07	
Neighbourhood working	377
YIP	188
Initial Street Lighting Contribution	800
Appendix 5 contributions to capital schemes	874
Balance for capital works including management of the programme	761
Approval proposed at this stage to 2007	**3000**

Additional approvals:	
YIP, NEAT and CSW – balance of five year programme to May 2011	2935
Street Lighting Contribution 2007/08	410
Total commitment at this point	**6345**
Projected funding available	15000
Balance for later projects assuming funding remains available	8655

22. The total proposed commitment at this point is therefore £6.345m, allowing the NEAT and YIP schemes to start recruiting personnel. It would also allow a number of capital works to be developed during the coming year and to allow the further development of other capital works for consideration should the remainder of the funding be released.

23. The hope is that the programme will also help to some extent to smooth the change from a very large capital programme to a much more limited one as a result of the end of the Homes Pride programme. The table below illustrates this change:

	2004/2005	2005/2006	2006/2007	2007/2008
	£m	£m	£m	£m
Homes Pride	41.1	18.9	0	0
Major Repairs	7.6	7.2	7.5	7.6
Borrowing	1.0	0.8	0.8	0.8
Total HRA funds	49.7	26.9	8.3	8.4
Estates Pride	0	1.0	2.0	3.0

24. It is clear that there will be a marked reduction in capital spending, as expected as a result of the completion of the major programme of works for Homes Pride.

Management and Maintenance Allowances

25. The 2006/07 MMAs have been set at an average of £1,431/dwelling, a significant increase of 12.5% on the current levels, but as explained above, will not significantly increase the funds available to meet the whole plan as a result of the increased rent assumed in the calculation of subsidy. Having said that, the increase in MMAs for Derby is again above the national average, as the impact of the major improvement in funding in 2004/05 feeds through. We have now received all but £36 a year per dwelling of the increase in MMAs that we were due as a result of that improvement.

26. The financial plan is built on the assumption that the system will remain fairly stable. Future changes to the system might not be as favourable to Derby in the way that the last major change did, and there is therefore a possible future risk to the plan as a result of any volatility in future funding levels. This risk appears reasonably low in the near future, but could grow should the overall funding available to support Council housing reduce at a national level.

Pensions

27. The previous plan assumed that the actuarial review of Derby Homes' contribution to the Local Government Pension Scheme, LGPS, would require an increase in contributions of around £281,000 a year. As it turned out, the review produced only a limited increase in contributions required of £90,000 a year. There is therefore a saving here for three years until the next actuarial review. The balance of this funding is retained against the likelihood of a further required increase in funding at the next review. Derby Homes have a pension shortfall in excess of £4m. It is proposed that the HRA attempts to eliminate this shortfall by 2016 through continuing to increase its contributions to the fund at each review date.

Derby Homes' management fee

28. The basic principles of setting Derby Homes' management fee were agreed last year and involve for the first time in 2006/07 a smaller fee to allow for a reduction in the homes managed. The reduction in the fee will be applied on the basis of the number of homes lost to the HRA during 2004/05 – a delay of two financial years from loss to a reduction in the fee. The HRA lost 210 homes during 2004/05 through Right to Buy, RTB. The level of RTB was much less than had been experienced previously – for instance the loss in the previous year had been in excess of 400 - but still represented a loss of 1.4% of the stock. Current year losses are running at an even lower level, which appears to be mainly as a result of much higher property prices affecting affordability.

29. There are some other issues that need an adjustment to the fee. Firstly, there were three additions to the fee during 2005/06, which will no longer apply in 2006/07. The first of these is the modernisation fund. This was added to the fee for the two years 2004/05 and 2005/06 to allow Derby Homes to modernise its operations and to invest in information technology. This funding has now ended. The second is the additional provision for inspection costs, which was made for 2005/06 only. This was initially set at £25,000 but the final cost will be £33,000. It is therefore proposed that the 2005/06 fee be increased by a further £8,000 – but that the full amount is then removed from the fee for 2006/07. Finally, additional support arrangements were put in place for the loss of Supporting People income relating to the tenancy support scheme to meet the costs of employing more staff than required as a result of the speed of the reduction in Supporting People funding. A one off fund for 2005/06 of up to £250,000 was made available in terms of extra fee to allow for a more reasonable pace of change to services on the ground. In the event, Derby Homes have claimed their actual losses of £132,000.

30. It is proposed to add an additional amount to the fee to allow for a programme of tree maintenance, funded by Derby Homes through an addition to the management fee. The additional cost of this programme is estimated to be £106,000 a year for five years. It is therefore proposed to add this amount to the fee and to expect a programme of maintenance of trees to include trees located on housing estates.

31. Derby Homes are facing a further considerable reduction in Supporting People, SP, funding in 2006/07 as a result of a reduction in SP allocated funding for sheltered accommodation of around £700,000 and they have requested that some funding be set aside by the HRA to finance a transitional period of up to two years to manage the transition. Derby Homes have requested transitional funding of up to £680,000 in

the first year and up to £350,000 in the second year. In view of the significant reduction in funding faced by Derby Homes and to protect tenants' services as much as possible, it is proposed that this be agreed from within the HRA. To maintain the full level of previous funding would not be possible within the constraints of the HRA's funding.

32. Finally, the fee needs to be adjusted to reflect the introduction of a proposed wider incentive scheme than had previously been in place. This scheme would be funded by a reduction in the bad debts provision and a reduction in the fee of £50,000 each. This pot of up to £100,000 would then be available under an incentive scheme, with the details still to be finalised, in addition to the existing scheme for £50,000. Overall, therefore, Derby Homes' fee can increase if they exceed targets set for performance – but would reduce should performance deteriorate. It is proposed to delegate the setting of the detail of the scheme to the Cabinet Member for Social Inclusion.

33. Appendix 4 sets out the fee proposed for Derby Homes for the next three years.

Contract Renewal 2007

34. The budget and business plan have been drawn up on the assumption that the contract with Derby Homes will be renewed. This decision was made in principle in December 2005.

Conclusions

35. The balance of the plan remains similar to the previous plan, reflecting relative stability in HRA funding over the last year. The last few years of the plan remain a concern, as they are moving into an operating deficit, although the deficit remains covered by interest on reserves. There are now three main risks within the plan - long term maintenance costs, rents and future 'rebasing' of MMAs.

Long term maintenance

36. Whether the funds set aside will be sufficient to maintain the standards that have been set by the Homes Pride programme in the longer term is a considerable risk to the HRA. The reliance on MRA might prove to be inadequate in the future.

Rents

37. The rent restructuring issues might be solved through adequate compensation from the government for our losses resulting from capping of rents, but there is a clear risk from rental levels not being permitted to increase at the pace that the government expects as part of the subsidy calculation. This could lead to significant losses of funding from the HRA in the medium term.

Rebasing of MMAs

38. There is an assumption within the given figures that the government will be able to afford to recycle or 'rebase' funds into MMAs from the increase in rents nationally. This has been assumed as 1% a year above inflation for the next few years. At this point this assumption is uncertain and may need to be reviewed as the position becomes clearer. If the increase is less than this, there may need to be a review of

the overall affordability of this plan, including the level of Estates Pride spending in future years. This assumption is however in line with the government's own predictions about the likely level of rebasing in future.

Proposals for Estates Pride

39. On balance, the risks in the budget and plan can be seen as reasonable. There should, therefore, be enough funding to embark on the programme of estate improvements, known as 'Estates Pride' as set out above.

40. The amount earmarked initially was £15m. Despite the uncertainty over future subsidy created by the introduction of rent caps and future 'rebasing' of MMAs, it is suggested that this figure be maintained. It is proposed that the first £3m of this be scheduled to take place up to 2006/07, and a further £3m for each year from 2007/08 to 2009/10, reducing again to £2m for 2010/2011 and then a final year at £1m after which the funding would have to cease. It is therefore essential that the funds be spent on time limited programmes or one off investments rather than on ongoing services, as outlined earlier.

41. Further consultations about the possible uses for estates pride funding will continue, and the outcomes should be agreed as a part of the Local Area Agreement.

Consultation

42. A consultation paper on these issues has been widely consulted upon, including with Derby Homes' Board and its senior management, the City Housing Consultative Group, and the Community Regeneration Commission. Spending of the Estates Pride funding is subject to consultation with many partners through the Local Area Agreement and has been the subject of considerable discussion with tenants through Estates Pride consultation organised by Derby Homes.

For more information contact:	Officer: David Enticott Tel 255318 e-mail david.enticott@derby.gov.uk
Background papers:	Draft determination of Housing subsidy and related emails.
List of appendices:	Appendix 1 – Implications Appendix 2 – HRA business plan Appendix 3 – HRA budget 2006/7 to 2008/9 Appendix 4 – Derby Homes' management fee Appendix 5 – Estates Pride programme detail.

IMPLICATIONS

Financial

1. Set out in the report.

Legal

2. The Council is required to set a budget for its Housing Revenue Account that balances and that charges costs appropriately to either the HRA or to the General Fund.

Personnel

3. None directly.

Equalities impact

4. Many of the Council's tenants belong to the Council's equality target groups.

Corporate objectives and priorities for change

5. The objectives of **strong and positive neighbourhoods, protecting and supporting people**, and a **healthy environment** are all enhanced by the improvements in council house standards as a result of Decent Homes, and by any improvements possible through the Estates Pride programme.

Derby City Council **APPENDIX 2**
Business Planning Assumptions
30 Year Housing Revenue Account

		Expenditure								Income										
Year		Major Repairs Allowance	Contribution to Repairs Account (net)	Provision for bad & doubtful debts	Rent Rebates then Estate Pride	Supervision and Management	Capital Financing Mainstream	Capital Financing ALMO	Total Expenditure	Gross Rent	HRA Subsidy Receivable/ (Payable) (Mainstream)	HRA Subsidy Receivable (ALMO)	HRA Subsidy Receivable (Payable) (Total)	Community Facilities & Other Income	Total Income	Net Income/ (Expenditure)	Balance Brought Forward	Interest	Balance Carried Forward	Overall Change In Year
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2005/06	0	7,221	8,559	650	1,035	12,655	5,061	4,465	39,645	36,492	(1,514)	7,774	6,260	181	42,934	3,289	5,177	290	8,756	**3,579**
2006/07	1	7,465	8,637	576	2,000	13,427	4,871	4,960	41,935	37,563	(2,470)	7,774	5,304	189	43,056	1,121	8,756	396	10,273	**1,517**
2007/08	2	7,570	8,701	592	3,000	13,319	5,051	5,106	43,339	38,574	(3,560)	7,774	4,214	198	42,986	-353	10,273	429	10,349	**76**
2008/09	3	7,532	8,827	608	3,000	13,380	5,026	5,136	43,510	40,335	(4,800)	7,774	2,974	207	43,516	7	10,349	440	10,796	**447**
2009/10	4	7,605	8,956	623	3,000	13,595	5,061	5,098	43,937	42,179	(6,151)	7,774	1,623	216	44,018	81	10,796	461	11,338	**542**
2010/11	5	7,678	9,269	639	2,000	13,794	5,113	5,098	43,590	44,065	(7,537)	7,774	237	226	44,529	938	11,338	502	12,778	**1,440**
2011/12	6	7,752	9,404	654	1,000	13,975	5,166	5,098	43,048	46,096	(9,031)	5,098	-3,933	236	42,400	-648	12,778	529	12,659	**-119**
2012/13	7	7,826	9,541	669	0	14,151	5,218	5,098	42,503	46,776	(9,227)	5,098	-4,129	247	42,894	391	12,659	546	13,597	**937**
2013/14	8	7,902	9,680	683	0	14,414	5,271	5,098	43,046	47,466	(9,427)	5,098	-4,330	258	43,395	349	13,597	585	14,531	**934**
2014/15	9	7,978	9,821	698	0	14,726	5,310	5,098	43,630	48,167	(9,647)	5,098	-4,549	270	43,888	258	14,531	623	15,412	**881**
2015/16	10	8,055	9,963	712	0	14,918	5,323	5,098	44,068	48,878	(9,902)	5,098	-4,805	282	44,356	288	15,412	661	16,360	**949**
2016/17	11	8,132	10,108	726	0	14,864	5,323	5,098	44,251	49,600	(10,177)	5,098	-5,080	295	44,816	565	16,360	707	17,633	**1,272**
2017/18	12	8,210	10,255	739	0	15,178	5,323	5,098	44,804	50,333	(10,457)	5,098	-5,359	309	45,282	478	17,633	760	18,871	**1,238**
2018/19	13	8,289	10,405	753	0	15,478	5,323	5,098	45,346	51,076	(10,741)	5,098	-5,643	323	45,756	410	18,871	811	20,091	**1,220**
2019/20	14	8,369	10,556	766	0	15,781	5,323	5,098	45,894	51,831	(11,029)	5,098	-5,931	337	46,237	343	20,091	861	21,296	**1,205**
2020/21	15	8,450	10,710	779	0	16,146	5,323	5,098	46,506	52,597	(11,322)	5,098	-6,224	353	46,725	220	21,296	910	22,425	**1,129**
2021/22	16	8,531	10,865	792	0	16,448	5,323	5,098	47,057	53,375	(11,620)	5,098	-6,522	369	47,221	164	22,425	957	23,545	**1,120**
2022/23	17	8,613	11,024	805	0	16,791	5,323	5,098	47,654	54,164	(11,922)	5,098	-6,824	385	47,725	71	23,545	1,002	24,618	**1,073**
2023/24	18	8,696	11,184	818	0	17,178	5,323	5,098	48,297	54,965	(12,229)	5,098	-7,132	403	48,236	-61	24,618	1,045	25,603	**984**
2024/25	19	8,780	11,347	830	0	17,502	5,323	5,098	48,879	55,778	(12,542)	5,098	-7,444	421	48,756	-124	25,603	1,085	26,564	**962**
2025/26	20	8,864	11,512	842	0	17,869	5,323	5,098	49,508	56,604	(12,859)	5,098	-7,761	440	49,283	-225	26,564	1,124	27,463	**899**
2026/27	21	8,950	11,679	854	0	18,279	5,323	5,098	50,183	57,441	(13,181)	5,098	-8,083	460	49,819	-365	27,463	1,159	28,258	**795**
2027/28	22	9,036	11,849	866	0	18,628	5,323	5,098	50,800	58,292	(13,508)	5,098	-8,410	481	50,363	-437	28,258	1,192	29,013	**755**
2028/29	23	9,123	12,022	878	0	19,039	5,323	5,098	51,482	59,155	(13,841)	5,098	-8,743	503	50,915	-567	29,013	1,221	29,667	**654**
2029/30	24	9,211	12,197	889	0	19,455	5,323	5,098	52,172	60,031	(14,179)	5,098	-9,081	526	51,477	-696	29,667	1,246	30,218	**551**
2030/31	25	9,299	12,374	900	0	19,829	5,323	5,098	52,824	60,921	(14,522)	5,098	-9,424	550	52,047	-777	30,218	1,268	30,709	**491**
2031/32	26	9,389	12,554	911	0	20,248	5,323	5,098	53,523	61,824	(14,870)	5,098	-9,773	575	52,626	-897	30,709	1,286	31,098	**389**
2032/33	27	9,479	12,737	922	0	20,711	5,323	5,098	54,270	62,740	(15,225)	5,098	-10,127	601	53,215	-1,055	31,098	1,299	31,342	**244**
2033/34	28	9,570	12,922	933	0	21,133	5,323	5,098	54,980	63,671	(15,584)	5,098	-10,487	628	53,813	-1,167	31,342	1,307	31,482	**140**
2034/35	29	9,662	13,110	944	0	21,560	5,323	5,098	55,697	64,615	(15,950)	5,098	-10,852	657	54,420	-1,277	31,482	1,311	31,516	**34**
2035/36	30	9,755	13,301	954	0	21,833	5,323	5,098	56,264	65,574	(16,321)	5,098	-11,224	687	55,037	-1,227	31,516	1,313	31,602	**87**

HOUSING REVENUE ACCOUNT BUDGET 2006/07

Latest Budget 2005/06 £000's	SERVICE ACTIVITY	Departmental Expenditure: Employees £000's	Departmental Expenditure: Running Costs £000's	Indirect Expenditure: Capital Charges £000's	Indirect Expenditure: Support Services Expenditure £000's	Gross Expenditure 2006/07 £000's	Departmental Income: Grants £000's	Departmental Income: Other Income £000's	Support Services Income £000's	Gross Income 2006/07 £000's	Total Budget 2006/07 £000's
	EXPENDITURE										
8,559	Contribution to Repairs Account		8,637	-		8,637				0	8,637
7,221	Major Repairs Allowance		7,465	-		7,465				0	7,465
	Supervison & Management:-			-		0				0	0
10,849	Derby Homes		10,635	-	932	11,567				0	11,567
(66)	Special - Retained HRA	283	152	-		435		(343)		(343)	92
1,872	General - Retained HRA	1,037	281	-	726	2,044		(276)		(276)	1,768
1,000	Estates Pride		2,000			2,000					2,000
35	Rent Rebates		0	-		0				0	0
20,200	Capital Charges Notional Interest			20,400		20,400				0	20,400
650	Provision for bad and doubtful debts		576	-		576				0	576
50,320		1,320	29,746	20,400	1,658	53,124	-	(619)	-	(619)	52,505
	INCOME										
(36,492)	Gross Rent					0		(37,563)		(37,563)	(37,563)
(6,260)	Housing Revenue Account Subsidy					0	(5,304)			(5,304)	(5,304)
(181)	Contributions - Community Facilities					0		(189)		(189)	(189)
(42,933)		-	0	-	0	0	- 5,304	(37,752)	-	(43,056)	(43,056)
7,387	**NET COST OF SERVICES**	**1,320**	**29,746**	**20,400**	**1,658**	**53,124**	**- 5,304**	**(38,371)**	**-**	**(43,675)**	**9,449**
(20,200)	Capital Charges Notional Interest (Reversal)			- 20,400		(20,400)				0	(20,400)
	Actual Capital Charges - Interest										
9,423	Loan Charges - Interest			9,729		9,729				0	9,729
(290)	Interest Receivable							(396)		(396)	(396)
(3,680)	**NET OPERATING EXPENDITURE**	1,320	29,746	9,729	1,658	42,453	(5,304)	(38,767)	-	(44,071)	(1,618)
	Appropriations										
101	Loan Charges - Minimum Revenue Provision			101		101				0	101
(3,579)	**Change in Working Balances**	1,320	29,746	9,830	1,658	42,554	(5,304)	(38,767)	0	(44,071)	(1,517)
(5,177)	**Net Balance at start of year**										(8,756)
(8,756)	**NET BALANCE AT END OF YEAR**	**1,320**	**29,746**	**9,830**	**1,658**	**42,554**	**(5,304)**	**(38,767)**	**0**	**(44,071)**	**(10,273)**

Derby Homes Management Fee Projections **Appendix 4**

	Core Fee £000	Leasing Insurance £000	Mod Fund £000	Total £000	max Supp People £000	max incentive scheme £000
2005/6						
Inflation 3%	279			279		
LGPS increase	90			90		
DACP	5			5		
Derby Loans	15			15		
Tenants Handbook one off 2004/5	-20			-20		
Homefinder one off cost element	-12			-12		
Inspection Cost	25			25		
Inspection Cost increase	8			8		
lease and insurance changes		-92		-92		
secondary leases		-242		-242		
Supporting people - actual (max was £250k)					132	
	390	-334	0	56	132	
2005/6 total	**9,726**	**791**	**200**	**10,717**	**132**	
2006/7						
Inflation 3%	290			290		
leases and insurance - sec leases lower savings		61		61		
IT funding ends			-200	-200		
Inspection Cost one off 2005/6	-33			-33		
Incentive Fee funding	-100			-100		150
Tree maintenance	106			106		
Stock Adjustment 210 2004/5	-104			-104		
Supporting people - actual up to:				0	680	
	159	61	-200	20	680	150
2006/7 total	**9,885**	**852**	**0**	**10,737**	**680**	**150**
2007/8						
Inflation 3%	296			296		
Derby loans funding ends	-15			-15		
lease and insurance changes		-64		-64		
Stock Adjustment 150 2005/6	-78			-78		
Supporting people - actual up to:					350	
	203	-64	0	139	350	0
2007/8 total	**10,088**	**788**	**0**	**10,876**	**350**	**150**
2008/9						
Inflation 3%	303			303		
lease and insurance changes		-27		-27		
Inspection Cost	35			35		
Pension revaluation	191			191		
Stock Adjustment 1.5% RTB 2006/7	-148			-148		
plus b /court	381	-27	0	354	0	0
2008/9 total	**10,468**	**761**	**0**	**11,229**	**0**	**150**

Overall plan

	2005/06 2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	Total £000	Other funding £000	Scheme Costs £000
Approved at this stage:									
Neighbourhood working									
Contribution to overall scheme in five priority areas	233	240	247	254	262		1236		
Additional expansion of scheme to other areas	144	268	276	284	292		1264		
	377	508	523	538	554		**2500**		
YIP	188	194	200	206	212		**1000**		
Capital Works contributions approved:									
Markeaton Wheeled Sports	15							80	95
Sunnyhill Rec Multi User Games Area	100							0	100
Stockbrook Street Rec, Sportswall and footpaths	20							10	30
Sherwood Recreation play area and fencing	15							88	103
Church Street new play area and lighting	15							98.5	113.5
Cheviot Street Teen Area age 10 to 18	90							10	100
Oriel Court play area equipment / landscaping	50							0	50
Rykneld Rec - play area/path/fencing/car park/drainage/changing rooms	154							30	184
Tree work - Stockbrook Street additional works	15							18.5	33.5
Improvements to flats - Stockbrook St external work	50							0	50
Environmental work - fencing landscaping identifed by the CSP, DH and Police	350							96.5	446.5
Total	**874**						**874**	431.5	1305.5
Street Lighting contribution	**800**	**410**					**1210**		
Further works to include management of Estates Pride	**761**						**761**		
Total Approved in this report	**3000**	**1112**	**723**	**744**	**766**		**6345**		
Further funding available within programme		1888	2277	2256	1234	1000	8655		
Total outline programme	**3000**	**3000**	**3000**	**3000**	**2000**	**1000**	**15000**		