COUNCIL CABINET
15 FEBRUARY 2011

ITEM 25

DERBY CITY COUNCIL

Report of the Strategic Directors of Adults, Health and Housing and Resources

Housing Revenue Account Business Plan and Budget 2011/12

SUMMARY

1.1 The financial system for managing the Housing Revenue Account - HRA - is about to fundamentally change from 2012/13.

1.2 In the meantime, there is one final year of the Housing Revenue Account Subsidy System - HRASS.

1.3 The details of the new system from 2012/13 while known in outline are unclear in detail, particularly the crucial element of the final debt to be imposed on the Council as a result of the reform.

1.4 This makes it very difficult to plan effectively until the detail is clearer. In the meantime it is proposed to plan as if the existing system continues, but bearing in mind that the new system may be difficult for the initial few years before hopefully becoming easier to manage and sustain the stock in the longer term. The strategy will clearly need to be revisited when greater detail is known.

1.5 At this point, it is proposed that – while planning for change and the potential ability to invest – the existing plans be sustained under the current system. The impact of the loss of HRASS – estimated to be a net payment by the Council of £5.4m in 2011/12 compared to almost nil this year – has been minimised by the long term restraint shown by the Council over the last few years. As a result, it is anticipated that services will not have to be reduced by the same scale as might otherwise have been the case.

1.6 Nonetheless, the Estates Pride programme has also reached the end of its expected life, although there is a balance left still to be spent, which is detailed in the report.

1.7 As part of the longer term strategy, it is anticipated that a greater share of HRA funds will be spent in future on repairs and capital and a lesser share on management costs. As a result of discussions between the Council and Derby Homes, a reduction in the management fee taken by Derby Homes to a projected £9.2m by 2014/15 has been agreed as detailed in this report. This represents a real terms reduction in funds available for Derby Homes' management costs of £1m.

1.8 In addition to this, the repairs account continues to be restructured to increase the overall efficiency of that service. Savings of around £1m are also anticipated in this area, to be fully reinvested in a better service, meaning that savings of £2m overall should be achieved with at least £1m being reinvested back into repairs.

RECOMMENDATIONS

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

2.2 To approve the revised proposals for Estates Pride as set out in Appendix 4.

2.3 To approve the management fees for Derby Homes set out in Appendix 5.

REASON FOR RECOMMENDATIONS

2.5 The HRA's funding position will worsen very considerably from 2011/12 with the loss of millions of additional funding as a result of the creation of Derby Homes in 2002 that has benefited the HRA for the last nine years. Services would have suffered a huge downward budget pressure next year had pro active action had not been taken over the last few years to build up reserves to allow the HRA to be able to mitigate the worst effects of that loss of funding.

2.6 The deferral of HRA reform from 2011/12 to 2012/13 means that this report follows a similar pattern to previous years within the HRA subsidy system - HRASS. It is expected that reform will take place in 2012/13, or possibly 2013/14, and will lead to a significant change in the financial position. At the moment, it remains unclear whether this change will be substantially beneficial to current plans, as had previously been hoped. Details of the new system are slowly emerging and will be considered as they are received. In the meantime this report continues to assume a continuation of the current system, with the hope and expectation that reform will improve the overall position and lead to improved plans for future years.

SUPPORTING INFORMATION

Review of HRA financial position 2010/11

3.1 The aim of the Housing Revenue Account, HRA's, financial strategy for the last six years has been to generate sufficient funding in the short term to allow a relatively smooth transition after the ending of substantial additional funding of over £4m a year. In addition, the strategy involved the maintenance of an Estates Pride fund of £15m for improvements to estates and facilities available for the benefit of tenants.

3.2 In the last couple of years, considerable effort has gone into attempting to reform or abolish the HRASS. The hope was that such a reform would not only free the Council from the unnecessary complexity of the system, but also enable longer term plans to be more meaningful as control of the critical elements would all be delegated to Councils. The government have announced that the HRASS will now be abolished from 2012/13 following legislation to require all Councils to accept the arrangements. The missing element at the moment is the detail of the proposals which will have to be dealt with fully in next year's report. The details have not been published at the time of writing this report. A verbal update will be given at Cabinet relating to the key points should these be revealed in time. It is expected though that the structure of the settlement will be broadly as indicated previously in the prospectus issued in March 2010, but that the financial elements within that deal will be considerably less generous than that prospectus, enabling much less additional work to be done than might have been anticipated at that point.

3.3 Over the last couple of years, in addition to the Estates Pride programme, the Council has been able to invest significantly in additional capital spending using a considerable portion of the reserves built up in previous years. In 2009/10, additional spending of £7.3m was approved to be spent on aids and adaptations (£1.5m), additional heating and thermal insulation projects (£5.05m), the refurbishment of Rebecca House (£550k) and other smaller projects. In 2010/11, additional investment of £1.65m was approved for investment in new Council homes, and a further £3m was approved for investment in solar panels, funded in the short term by borrowing with this being paid off over the longer term by the returns from the Feed In Tariff provided by energy companies. Despite some slippage in some of these capital spending plans into next year, the current year's HRA is showing a considerable excess of expenditure over income, expected to be around £4m.

3.4 The reserves are now anticipated to fall sharply to around £4m by the end of 2011/12. Reserves should be maintained above 5% of rents which would be around £2.3m for 11/12, so there remains only a little scope for further additional investment under the current system. At this stage, however, the terms of the HRA reform remain to be fully clarified, but will require that the Council remains within a debt cap equivalent to the starting level of debt imposed on the Council. This will probably mean that there will be very little scope in the first few years following reform for additional investment, but that after a few years – as rents near the overall target level, the position should improve and become sustainable. The detail of the debt settlement is of course essential to understanding this. The details are expected to be released in the early part of 2011.

3.6 The longer-term position is hugely dependent on the detail of the terms of the HRASS reform. Should the terms be similar to that put forward in the prospectus earlier this year, there would clearly have been some additional resources in time. If the terms worsen significantly as might now be expected, the benefit of the reform would be eroded, but hopefully not entirely eliminated. In addition, reforms to Housing benefit over the next few years may mean that our tenants face a more difficult financial position, which may result in greater pressure to restrain rents and potentially higher bad debts in future. For the moment, such concerns are not reflected in these plans.

3.7 Should the reform detail be as hoped for, the intention is that the Council should be able to increase its projected planned spending on Council homes considerably. The hope is that we would be able to finance the core of the stock condition survey needs over the next thirty years and to enable further investments in estates improvements and ideally some limited rebuilding. There may even be scope to invest further in regeneration projects and other priorities of the Council. The reform rules will need to be set out and the financial impact understood before further investment can be sustained, but it is hoped that – even with a tighter settlement – some of this may still be possible.

3.8 This year's financial position for the HRA includes the following estimated key (under) and over spends:

- Additional Rent and Service Charge income – (£391k)
- Reduced Housing subsidy entitlement as a result of lower interest costs - £204k
- Additional one off transition Housing Repairs costs - £350k
- Lower Capital financing costs as a result of lower interest costs - (£289k).

3.9 The effect of the above variances is an overall underspend of £126k, or less than 0.3% of HRA income. In addition to this there is slippage in the capital programme resulting in a reduced call on revenue financing of the programme of approximately £800k. This funding will carry over into the next financial year, so is not really a further underspend as it will be spent in future years.

Future planning

4.1 The HRA budget has to be balanced each financial year, and the Council plans for the HRA over a period of thirty years.

4.2 The proposed HRABP for the next thirty years is set out at Appendix 2. A more detailed budget for the HRA for next year is set out at Appendix 3. The basis on which these have been produced is on a continuation of the HRASS. The costs indicated for major repairs are based on the current allocation from the government of around £600 a property, which is inadequate in the longer term.

4.3 If a more realistic investment level of around £1000 a property was used, the position becomes unsustainable. The deficit would be of the order of £350m over the plan, and a substantial reworking of the current plan will be necessary. If HRASS reform does not enable a significant level of additional resources over time, the plans will involve reductions in current levels of investment and service.

4.4 The plan allows for additional spending of just over £1m a year after 2013/14 for ten years, reducing to half this level thereafter – which would be all that could be afforded under the current system should it continue. This is of course well below an adequate level for the longer term.

Previous plan

5.1 In the previous plan, key assumptions were made about rent levels, capital costs and funding, and housing subsidy levels.

- **Rents**: it was assumed that the government would manage to complete restructuring of rents by 2012/13 as suggested by them last year. This is extremely unlikely, with actual rents remaining on average 10% below target. To achieve 2012/13 for convergence would therefore require 5% a year real terms increases in rents.

- **Capital:** it was assumed that the Estates Pride programme would be contained within the £15m set aside for the programme, and that thereafter costs could be contained within funding levels made available by the government through the Major Repairs Allowance, MRA, albeit supplemented until 2010/11 by £750,000 a year from HRA balances. In addition, further funds were made available for a programme of further additional investment as detailed above.

- **Housing Subsidy:** it was assumed that Management and Maintenance Allowances would continue to increase in real terms by 0.5% a year during rent restructuring.

Review of key assumptions

Rents

6.1 This year's subsidy determination has set out that nationally guideline rents will increase by 6.8% in 2011/12. Derby's average actual rents are likely to increase by around 7.4%, although there remains an individual tenant limit on rent increases of RPI (4.6%) + 0.5% + £2 a week. A separate consultation is taking place on a proposed increase in rents for 2011/12. The date of convergence has been changed yet again and is now anticipated to be 2015/16, consistent with the proposals for reform. Under the reform it is anticipated that this new date will remain fixed and the major variable in future rent increases will be the level of inflation.

6.2 The government's proposals for the HRASS have again been drafted for one year only, as the government plans to abolish the system next year.

6.3 The government's plans effectively require Councils to increase rents to target by 2015/16 – a period of 5 years. As we are currently about 11% below the target rent, the implied rent increase in real terms above inflation is around 2.2% a year. The gap between the current rent and the prospective rent convergence point is going to be difficult to fully close as a result of the limit to individual tenants' rents of RPI + 0.5% + £2 a week. Individual tenants will be at different points on the path to convergence – we have a few that are already at formula rent while many others are a long distance from the target – and will all move at an individual pace to the overall formula rent target. Some will take longer than the target date to reach convergence as a result of the limit to rent increases, which restrain the additional income that can be raised in any one financial year. Some tenants will not reach the target rent level for 10 years, although a majority should do so by 2015/16. These issues are discussed in the separate paper on rents and service charges.

6.4 In view of the substantial increase in rents expected this year, it is not proposed to raise significant extra funding from service charges next year, other than the normal increase at RPI plus 0.5%. No new service charges are proposed this year. Additional funding can be raised however, should the Council determine to move new tenants straight to target rent for their property rather than base the tenant's rent on the previous tenant's rent as is currently the practice. This is discussed further in the rent consultation.

Capital

7.1 The biggest risk in the budget remains the ability to maintain the existing stock within the anticipated funding from the Major Repairs Allowance - MRA - and the existing repairs account in the longer term.

7.2 In the longer term, maintenance of the decent homes standard will become difficult in some homes without increased funding. It is anticipated that around an additional £350m over the period of the plan would be needed to maintain homes on a long term basis above the level of funding currently provided for in the plan. Reform of the HRASS is hoped to address much of that deficit over time. The majority of the financial difficulty is in the medium to long term rather than immediate, as a result of the huge investments made possible in the last few years.

7.3 Over the last two years, a total of £12m has been invested from HRA reserves into additional capital in addition to the Estates Pride programme. Some limited addition to this level of investment might be possible under the current system, but it is critical that the future system's requirements relating to a debt cap are understood before final decisions can be made. It is therefore proposed that no further investment be made at this point, but that this is reviewed soon - once the implications of the HRA reforms are fully understood and a longer term strategy can be agreed. The HRA business plan strategy that emerges will need to balance immediate investment with the debt cap proposals and the longer term need to reduce debt in order to invest in the medium to longer term when the stock requires much greater maintenance and improvement, but it is hoped that a few investments may be possible.

Subsidy

7.4 The settlement this year is – as might be expected – tough. Allowances have been increased by only 2% at the same time as rental increases at a national level of 7% have been assumed. There is no 'rebasing' of the allowances assumed this year as has previously been the case.

Repairs Account

8.1 The repairs account has been massively reformed this year with the direct management of repairs being taken on by Derby Homes in June. Significant structural changes are continuing in the operation of the service and are likely to continue to improve the overall financial position over time. In the short term, there have been some one off costs incurred to restructure the service, amounting to legal and professional costs of £250,000 plus rebranding of vehicles, gas and environmental permits and audit and systems development work of £36,000, giving a one off total cost of £286,000. Once these are discounted, however, the repairs account appears to be coming back under control as a result of the changed management arrangements and increased funding put in place this year. It is proposed that specific costs of restructuring the service where these have delivered real savings to be reinvested in the service should be funded by a one off contribution from HRA reserves.

Estates Pride

9.1 The Estates Pride programme is revenue funded by the HRA and can therefore be used on either revenue or capital. It can be used in a completely flexible manner, with no time limits, revenue or capital constraints.

9.2 2010/11 is the last full year of the original programme which is now fully committed. There are a few programmes which will last a little longer than this, funded by brought forward funding within the original total of £15m. From 2011/12 a series of funding streams will end. The full proposals for remaining spending are set out in Appendix 4.

Pressures on the current plan not covered at present

10.1 To summarise, the business plan remains stable in the short term, but is not viable in the longer term under the HRASS if the full cost of maintaining the condition of the stock were to be factored in to longer term plans. If not addressed, this deficit will begin to build up a backlog of major repairs and maintenance issues. This is the key reason why it is hoped that the imminent reform of the HRASS will provide additional resources over the expected track of HRA subsidy. Taking on additional debt as part of that reform will have a cost, but there remains considerable hope at this point that at least some additional funding will be possible through the offer towards reducing this funding gap.

10.2 It remains the expectation that there could in fact be a tightening of resources in the short term, drawing down HRA reserves quite sharply as a result of the imposition of the debt cap and the effect of depreciation rules requiring additional resources to be set aside for future use. It is therefore critical at this point to maintain HRA reserves at the current planned level – which are currently set to fall to around £4m - in order to be able to manage in the next few years, at least until the impact of the reforms can be fully assessed.

Housing Subsidy

11.1 This year's housing subsidy should be the last subsidy determination received with the imminent abolition of the subsidy system. The figures themselves are likely to be consistent with HRASS reform, but this cannot be guaranteed as that announcement is being made later than the determination. The government has continued with previous policies of increasing spending at a much slower rate than rent increases, enabling a greater proportion of the rent to effectively be clawed back to central government.

11.2 The update this year is likely to result in a higher debt being imposed on Councils under the HRASS reform. The longer the reform takes to implement, the higher the cost is likely to be to Councils. The removal of an 'early opt out' option from 2011/12 is therefore disappointing as this would potentially have resulted in a better financial settlement than is now likely. However, the plans should remain viable as long as the increased rent proposed can continue to be collected, and the final reform is not much worse than that previously proposed.

Derby Homes' management fee

12.1 The basic principles of setting Derby Homes' management fee remain the same as previously agreed. Inflation has been calculated based on a split between pay – at nil – and non pay at RPI – giving an overall inflation rate of 1.1% for 2011/12, 0.6% for 2012/13 and an estimate of 2.5% thereafter. These are in line with the Council's policy relating to pay. Corrections have been applied to the fee relating to service charge income now paid separately relating to grounds maintenance and tenancy sustainment, which reduce the overall cost of management as defined by CIPFA.

12.2 Given the outlook for the HRA, along with the need to reinvest into repairs, it is proposed that significant reductions be made to the management fee of Derby Homes, to be reinvested into the repairs fee. The expectation is that the management fee will reduce by £250,000 a year in real terms for the next four years

- a total of £1 m a year by 2014/15. Derby Homes have also committed to make savings of up to £1m a year within the repairs account with a view to further reinvestment into repairs. Derby Homes has already commenced a programme of restructuring its costs to meet these targets.

12.3 Alongside this, the management of repairs is being moved from management to repairs – a transfer of £890,000 of costs, and the fee has also been reduced by the amount now funded by service charges which directly fund those service costs. The business plan has been updated to show this major shift in resources from management to repairs. Within three years it is expected that spending on repairs will be higher than that on management. The shift in resources from management to repairs will substantially address the current imbalance between these two areas.

12.4 Appendix 5 sets out the fee proposed for Derby Homes for the next four years.

Conclusions

13.1 The longer term financial position for the HRA remains very difficult under the current system, but the short term financial position of the HRA remains acceptable thanks to the additional ALMO funding which has supported the Estates Pride programme for the last few years. While that funding has now come to an end, the prudent approach over the last few years means that the Council should be able to maintain the majority of core services at around their current level. Had reserves not been built up, the Council would now be attempting to reduce spending by around £4m a year. The ability to invest heavily in real improvements over the last couple of years cannot be sustained at the previous levels unless considerable additional resources are available as a result of HRASS reform.

13.2 The reliance on current capital funding is likely to prove to be inadequate in the future. It is hoped that the HRASS reform detail will enable the Council to address the longer term capital shortfalls, but until the detail of this is understood, there is very little scope for further investment in capital over and above the £12m committed in the last two years. Reserves are set to fall from around £16m to around £4m as a result of current plans. While this is an adequate level of reserves, it is likely that HRASS reform is likely to require a further drawing on reserves in the next few years, before the position subsequently improves. It is therefore proposed that the full consequences of the reform are absorbed before making longer term decisions on the strategy relating to investment, but that this be reviewed as soon as practicable following publication of the HRASS reform.

Consultation

14.1 A consultation paper on these issues has been widely circulated, including Derby Homes' Board and its senior management, the City Housing Consultative Group, Derby Association of Community Partners, and the Adults Health and Housing Commission.

OTHER OPTIONS CONSIDERED

15.1 HRA reform is imminent, and the proposals are made on the basis that they may need to be amended substantially depending on the likely outcome of that reform.

15.2 The current plans effectively commit the vast majority of reserves to specific projects. Until the outcome of HRA reform is clear, it is proposed not to commit further resources.

This report has been approved by the following officers:

Legal officer	
Financial officer	Peter Morris
Human Resources officer	
Service Director(s)	Mark Menzies, Martyn Marples
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Background papers:	Determination of Housing subsidy and related emails. Consultation papers on rents and HRABP
List of appendices:	Appendix 1 – Implications Appendix 2 – HRA business plan Appendix 3 – HRA budget 2011/12 – to follow Appendix 4 – Estates Pride programme Appendix 5 Derby Homes' management fee

IMPLICATIONS

Financial

1.1 Set out in the report

Legal

2.1 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

3.1 None directly

Equalities Impact

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

Health and Safety

5.1 None.

Carbon commitment

6.1 The investment of substantial reserves into both Solar Panels and insulation and heating programmes are reducing the Council's carbon footprint as well as tenants' fuel bills. The investment in new build council homes is also resulting in higher energy efficiency.

Value for money

7.1 The reduction in Derby Homes' management fee of £1m in real terms over four years will enable greater investment in maintenance and capital.

Corporate objectives and priorities for change

8.1 The objectives of making us proud of our neighbourhoods, leading Derby towards a better environment and giving you excellent services and value for money 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, as well as through other services and investments made possible through the HRA.

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

Year		Expenditure: Major Repairs Allowance	Contribution to Repairs Account (net)	Provision for bad debt	Estates Pride	RCCO (Cap Prog)	Supervision and Management	Capital Financing Mainstream	Capital Financing ALMO / service charges	Total Expenditure	Income: 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)	General Reserves 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	£000
2010/11	0	7,961	11,428	639	2,443	4,720	13,803	3,713	3,884	48,591	43,428	(7,909)	7,774	-134	742	44,036	-4,555	16,880	73	12,398	**-4,482**
2011/2012	1	8,003	11,458	632	2,732	*7,434*	12,570	7,569	741	51,139	46,847	(5,420)	0	-5,420	1,999	43,426	-7,713	12,398	128	4,813	**-7,585**
2012/13	2	8,191	11,800	643	1,878	*923*	11,852	7,571	763	43,622	49,366	(6,887)	0	-6,887	855	43,335	-287	4,813	140	4,666	**-147**
2013/14	3	8,383	12,340	655	204	*1,236*	11,883	8,662	786	44,149	51,790	(7,281)	0	-7,281	366	44,874	725	4,666	151	5,541	**876**
2014/15	4	8,580	12,687	666	22	*1,273*	11,917	8,656	810	44,611	54,194	(8,958)	0	-8,958	376	45,612	1,001	5,541	181	6,724	**1,182**
2015/16	5	8,782	13,044	678	23	*1,311*	12,222	8,669	834	45,563	56,576	(10,689)	0	-10,689	386	46,274	711	6,724	212	7,647	**924**
2016/17	6	8,988	13,406	690	23	*1,351*	12,494	8,703	859	46,512	58,380	(11,570)	0	-11,570	397	47,207	695	7,647	240	8,582	**934**
2017/18	7	9,189	13,777	702	24	*1,391*	12,785	8,774	885	47,527	60,160	(12,435)	0	-12,435	409	48,134	607	8,582	267	9,455	**873**
2018/19	8	9,395	14,159	714	25	*1,433*	13,084	8,810	911	48,531	61,945	(13,291)	0	-13,291	420	49,075	544	9,455	292	10,291	**836**
2019/20	9	9,606	14,551	727	25	*1,476*	13,390	8,812	939	49,526	63,783	(14,164)	0	-14,164	432	50,052	526	10,291	317	11,133	**842**
2020/21	10	9,822	14,954	739	26	*1,520*	13,723	8,815	967	50,566	65,595	(15,136)	0	-15,136	444	50,903	337	11,133	339	11,810	**676**
2021/22	11	10,042	15,369	752	26	*1,566*	14,024	8,818	996	51,592	67,397	(15,999)	0	-15,999	457	51,855	262	11,810	358	12,430	**620**
2022/23	12	10,267	15,795	765	27	*1,613*	14,352	8,821	1,026	52,665	69,248	(16,890)	0	-16,890	470	52,828	162	12,430	375	12,968	**538**
2023/24	13	10,497	16,232	779	28	*1,261*	14,687	8,824	1,056	53,365	71,085	(17,809)	0	-17,809	483	53,759	394	12,968	395	13,756	**789**
2024/25	14	10,733	16,682	792	28	*1,299*	15,031	8,827	1,088	54,481	73,037	(18,758)	0	-18,758	496	54,776	295	13,756	417	14,468	**712**
2025/26	15	10,974	17,145	806	29	*1,338*	15,403	8,830	1,121	55,645	75,043	(19,737)	0	-19,737	510	55,816	171	14,468	437	15,076	**608**
2026/27	16	11,220	17,620	820	30	*1,378*	15,743	8,833	1,154	56,798	77,103	(20,748)	0	-20,748	525	56,880	82	15,076	454	15,611	**536**
2027/28	17	11,471	18,108	835	31	*1,419*	16,112	8,836	1,189	58,001	79,221	(21,791)	0	-21,791	540	57,970	-32	15,611	468	16,047	**436**
2028/29	18	11,729	18,610	849	31	*1,462*	16,489	8,840	1,225	59,235	81,396	(22,867)	0	-22,867	555	59,084	-151	16,047	479	16,376	**328**
2029/30	19	11,992	19,126	864	32	*1,506*	16,875	8,843	1,262	60,500	83,631	(23,978)	0	-23,978	570	60,224	-276	16,376	487	16,587	**212**
2030/31	20	12,261	19,656	879	33	*1,551*	17,291	8,847	1,299	61,817	85,928	(25,124)	0	-25,124	587	61,390	-426	16,587	491	16,652	**65**
2031/32	21	12,536	20,201	895	34	*1,598*	17,676	8,850	1,338	63,127	88,288	(26,307)	0	-26,307	603	62,584	-543	16,652	491	16,601	**-51**
2032/33	22	12,817	20,761	910	35	*1,645*	17,490	8,854	1,378	63,890	90,712	(27,527)	0	-27,527	620	63,805	-85	16,601	497	17,012	**411**
2033/34	23	13,104	21,336	926	36	*1,695*	17,900	8,858	1,420	65,274	93,203	(31,425)	0	-31,425	638	62,416	-2,858	17,012	467	14,621	**-2,391**
2034/35	24	13,398	21,927	943	36	*1,746*	18,319	8,862	1,462	66,693	95,763	(30,085)	0	-30,085	464	66,142	-551	14,621	430	14,500	**-121**
2035/36	25	13,699	22,535	959	37	*1,798*	18,768	8,865	1,506	68,168	98,393	(31,425)	0	-31,425	477	67,444	-724	14,500	424	14,201	**-300**
2036/37	26	14,006	23,160	976	38	*1,852*	19,190	8,870	1,551	69,643	101,095	(32,808)	0	-32,808	490	68,777	-866	14,201	413	13,748	**-453**
2037/38	27	14,320	23,802	993	39	*1,908*	19,641	8,874	1,598	71,175	103,871	(34,234)	0	-34,234	503	70,140	-1,035	13,748	397	13,110	**-638**
2038/39	28	14,641	24,462	1,010	40	*1,965*	20,102	8,878	1,646	72,744	106,723	(35,706)	0	-35,706	517	71,535	-1,209	13,110	375	12,276	**-834**
2039/40	29	14,969	25,140	1,028	41	*2,024*	20,594	8,882	1,695	74,374	109,654	(37,224)	0	-37,224	531	72,962	-1,412	12,276	347	11,211	**-1,065**

Summary Revenue Budget 2011/2012 Housing Revenue Account

SERVICE ACTIVITY	Departmental Expenditure		Indirect Expenditure		Gross Expenditure 2011/12 £000's	Departmental Income		Support Services Income £000's	Gross Income 2011/12 £000's	Total Approved Budget 2011/12 £000's
	Employees £000's	Running Costs £000's	Capital Charges £000's	Support Services Expenditure £000's		Grants £000's	Other Income £000's			
Contribution to Repairs Account		11,458			11,458					11,458
Major Repairs Allowance		8,003			8,003					8,003
Supervison & Management:-										
Derby Homes		9,767		276	10,043					10,043
Derby Homes - Incentive Scheme		150			150					150
Special - Retained HRA	318	174			492		(394)		(394)	98
General - Retained HRA	1,150	394		867	2,411		(132)		(132)	2,279
Estates Pride		2,732			2,732					2,732
RCCO - Capital Programme			7,434		7,434					7,434
Provision for bad and doubtful debts		632			632					632
	1,468	33,310	7,434	1,143	43,355		(526)		(526)	42,829
INCOME										
Gross Rent							(46,106)		(46,106)	(46,106)
Housing Revenue Account Subsidy							5,420		5,420	5,420
Contributions - Community Facilities							(1,999)		(1,999)	(1,999)
							(42,685)		(42,685)	(42,685)
NET COST OF SERVICES	**1,468**	**33,310**	**7,434**	**1,143**	**43,355**		**(43,211)**		**(43,211)**	**144**
Actual Capital Charges - Interest										
Loan Charges - Interest			7,565		7,565					7,565
Interest Receivable							(128)		(128)	(128)
NET OPERATING EXPENDITURE	1,468	33,310	14,999	1,143	50,920		(43,339)		(43,339)	7,581
Appropriations										
Loan Charges - Minimum Revenue Provision			4		4					4
Change in Working Balances	**1,468**	**33,310**	**15,003**	**1,143**	**50,924**		**(43,339)**		**(43,339)**	**7,585**
Net Balance at start of year										**(12,398)**
NET BALANCE AT END OF YEAR										**(4,813)**

ESTATES PRIDE EXPENDITURE PROFILE

APPENDIX 4

	2005/06 & 2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000	2013/14 £000	TOTAL £000
Approved at this stage:									
Neighbourhood working (revenue funding)									
Contribution to overall scheme in five priority areas	233	240	247	254	262	-	-	-	**1,236**
Additional expansion of scheme to other areas	122	90	120	124	127	131	135	88	**937**
sub-total	**355**	**330**	**367**	**378**	**389**	**131**	**135**	**88**	**2,173**
Youth inclusion project (revenue funding)	**188**	**194**	**200**	**206**	**212**	**109**	**112**	**116**	**1,337**
Capital works contributions									
Sunnyhill Rec multi-user games area	20	45	-	-	-	-	-	-	**65**
Stockbrook Street Rec, Sportswall and footpaths	6.5	-	-	-	-	-	-	-	**7**
Sherwood Recreation play area and fencing	17.5	-	-	-	-	-	-	-	**18**
Church Street new play area and lighting	10.2	-	-	-	-	-	-	-	**10**
Cheviot Street Teen Area age 10 to 18	40.5	-	-	-	-	-	-	-	**41**
Chaddesden Park play area equipment / landscaping	-	50	-	-	-	-	-	-	**50**
Rykneld Rec	7.2	-	-	-	-	-	-	-	**7**
Tree work - Stockbrook Street additional works	15	-	-	-	-	-	-	-	**15**
Environmental work - fencing landscaping identified by the CSP, DH & Police (total £290,000) in Stockbrook St area	290	-	-	-	-	-	-	-	**290**
									-
Street Lighting contribution	-	975	-	-	-	-	-	-	**975**
Osmaston Park (exact amounts 06/07 £20k 07/08 £180k)	20	180							**200**
Warwick Avenue parking	15								**15**
Living Streets training	2								**2**
Burglary Reduction (exact amount 05/06 06/07 £161,226)	161								**161**
CCTV revenue costs (city wide 05/06 06/07) exact amount £202,146	202								**202**
Management fee (revenue funding)	90	90	90	118	152	152			**692**
CHIPS work	430								**430**
Sussex Circus		250							**250**
Sunny Hill CC			200						**200**
General estate based environmental improvements agreed by LHB			500	470	1,782	48			**2,800**
Harvey Road Improvements					10	490			**500**
Refurbishment of all play areas within council estates	-	-		70	150	150	80	-	**450**
Repairs to fencing and garden work to vacant homes	-	-	100	100	100	-	-	-	**300**
Youth engagement work in areas not covered by YIPs	-	-	30	30	30	-	-	-	**90**
General estate based environmental Improvements agreed by LHB	-	-		-	104	-	-	-	**104**

Local Housing Board allocation (quick fix bids)	-	300	300	250		250	250	-	-	**1,350**
Housing Focus Groups allocation	-	-	-	50		50	50	-	-	**150**
Contingency						58				**58**
sub-total	**1,327**	**1,890**	**1,220**	**1,088**		**2,686**	**1,140**	**80**	**-**	**9,431**
Total currently approved	**1,870**	**2,414**	**1,787**	**1,672**		**3,287**	**1,380**	**327**	**204**	**12,941**

For approval now:

Youth engagement work through CYP in areas not covered by YIP							100			
Family Intervention Project							200	100		
General estate based environmental improvements agreed by LHB					-	786	1,052	1,149		
Management fee								152		
Final year of quick fix/HFG bids (reduced allocation as winds down)								150		
Contingency					-	58				
Total for approval	**-**	**-**	**-**	**-**	**-**	**844**	**1,352**	**1,551**	**-**	**-**

	2005/06 & 2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	TOTAL
Total capital	1,237	1,800	1,130	970	1,690	2,040	1,379	-	10,798
Total revenue funding	633	614	657	702	753	692	499	204	4,202
Total Estates Pride programme	**1,870**	**2,414**	**1,787**	**1,672**	**2,443**	**2,732**	**1,878**	**204**	**15,000**

Derby Homes Management Fee Projections **Appendix 5**

	Core Fee	Leasing Insurance	Mod Fund	**Total**	memorandum items: max incentive scheme	plus service charges (est)
2010/11						
Inflation 1%	107			107		
add back contributions	225			225		
reduced base fee for lower inflation 1.25% 9/10	-190			-190		
lease and insurance changes		-385		-385		
remove tenants manual update	-20			-20		
remove stock options appraisal	-45			-45		
base correction	33			33		
Stock Adjustment growth	5			5		
Stock Adjustment reductions	-7			-7		
	10,808	**504**	**0**	**11,312**	**150**	**150**
2011/12						
Inflation	114			114		
lease and insurance changes	401	-267		134		
management fee reduction	-250			-250		
transfer to repairs - management of repairs	-890			-890		
service charge income for grounds	-535			-535		535
service charge income for caretaking and cleaning	-56			-56		56
one off extra investment transformation	300			300		
Stock Adjustment growth	19			19		
Stock Adjustment reductions	-103			-103		
	9,807	**237**	**0**	**10,044**	**150**	**741**
2012/13						
Inflation	55			55		22
remove transformation	-301			-301		
management fee reduction	-250			-250		
lease and insurance changes		-237		-237		
Stock Adjustment growth	3			3		
Stock Adjustment reductions	-10			-10		
	9,304	**0**	**0**	**9,304**	**150**	**763**
2013/14						
Inflation	233			233		23
management fee reduction	-250			-250		
Stock Adjustment	-12			-12		
	9,275	**0**	**0**	**9,275**	**150**	**786**
2014/15						
Inflation	232			232		24
management fee reduction	-250			-250		
Stock Adjustment	-10			-10		
	9,247	**0**	**0**	**9,247**	**150**	**810**