

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – 7 FEBRUARY 2017**

Title of report	<b>HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2017/18</b>
Key Decision	<p>a) Financial Yes</p> <p>b) Community Yes</p>
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Purpose of report	To seek approval of the 2017/18 Housing Revenue Account (HRA) Budget and charges for Rent and Service Charges.
Reason for Decision	To enable the Council to set a balanced Housing Revenue Account Budget for 2017/18.
Council Priorities	The HRA budget assists the Value for Money priority.
<p>Implications:</p> <p>Financial/Staff</p> <p>Link to relevant CAT</p> <p>Risk Management</p>	<p>As included in report.</p> <p>Delivering a HRA Budget for 2017/18 will allow the Council to achieve the objectives for the service as set out in the Housing Business Plan and Service Team Business Plans.</p> <p>The Council sets an HRA budget, which is regularly monitored throughout the year to ensure services are delivered within budget. Risks are managed through the corporate risk management process.</p>

Equalities Impact Screening	None identified.
Human Rights	None identified.
Transformational Government	Not applicable.
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	Report is satisfactory
Comments of Deputy Monitoring Officer	Report is satisfactory
Consultees	Corporate Leadership Team (CLT 15 November 2016), Cabinet (13 December 2016), Tenants Performance and Finance Working Group (15 December 2016), Tenants and Leaseholders Consultation Forum consultation exercise undertaken (14 December 2016 – 12 January 2017), Policy Development Group (11 January 2017).
Background papers	<a href="#">HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2017/18 (CABINET – 13 DECEMBER 2016)</a> <a href="#">HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2017/18 (POLICY DEVELOPMENT GROUP - 11 JANUARY 2017)</a>
Recommendations	<p><b>A. THAT THE ASSURANCE STATEMENT BY THE DEPUTY S151 OFFICER BE NOTED,</b></p> <p><b>B. THAT THE COUNCIL BE RECOMMENDED TO:</b></p> <ol style="list-style-type: none"> <li><b>1. APPROVE THE DECREASE IN COUNCIL HOUSE RENTS FOR 2017/18 BY 1% (AVERAGE OF 83 PENCE PER WEEK).</b></li> <li><b>2. APPROVE THE INCREASE OF 2% (13 PENCE PER WEEK) IN GARAGE RENTS FOR 2017/18.</b></li> <li><b>3. APPROVE THE REDUCTION IN CENTRAL HEATING CHARGES FOR 2017/18 BY 10%</b></li> <li><b>4. APPROVE THE AVERAGE INCREASE OF 1.03% (7 PENCE PER WEEK) IN SERVICE CHARGE FOR 2017/18.</b></li> <li><b>5. APPROVE THE GROUND RENT INCREASE AT APPLEBY MAGNA CARAVAN SITE OF 2% (62 PENCE PER WEEK) ON THE ANNIVERSARY OF EACH INDIVIDUAL RENT AGREEMENT IN 2017/18.</b></li> <li><b>6. APPROVE THE LIFELINE CHARGES INCREASE OF 8% (79 PENCE PER WEEK) FOR PRIVATE CUSTOMERS AND 2% FOR REGISTERED PROVIDER CUSTOMERS FROM APRIL 2017.</b></li> </ol>

	<b>7. APPROVE THE HOUSING REVENUE ACCOUNT BUDGET FOR 2017/18 ATTACHED AS APPENDIX A</b>
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## **1.0 INTRODUCTION**

- 1.1 The Housing Revenue Account (HRA) budget for 2017/18 is set out in Appendix A, along with the 2016/17 original and revised forecast outturn for information.
- 1.2 Cabinet considered a draft HRA budget report on 13 December 2016 and this was followed by a report to the Policy Development Group on 11 January 2017.
- 1.3 The budget has been prepared in the context of the continuation of four years of 1% per annum rent reductions from 2016/17 in accordance with the Work and Welfare Reform Act 2016. The impact of that rent reduction was fully incorporated into the 2016/17 HRA Budget and long term business plan. Although inflation is now predicted to rise towards the end of 2017, it is still considered prudent to retain the assumption of lower long term rent increases. However, inflationary pressures from late 2017 onwards, coupled with the ongoing 1% rent reductions, will certainly present financial challenges to the Housing service going forward.

## **2.0 2016/17 BUDGET POSITION**

- 2.1 The budgeted outturn position for 2016/17 was a £2.395m surplus. The overall forecast at period 9 shows a potential surplus of £2.86m. This is largely as a result of improved performance in letting empty properties, which produces lower rent losses.
- 2.2 As a result of this, the total value of HRA balances at 31 March 2017 is estimated to be £8.54m. This balance significantly exceeds our agreed minimum working balance on the HRA of £1m and has been developed as a provision against the future repayment of debts taken out on a maturity repayment basis, within the HRA Business Plan. The first maturity loans of £10m and £3m fall due for repayment on 28 March 2022. Hence an estimated £7.54m will be held in a savings reserve (at 31 March 2017) that was created for the purposes of repaying these loans commitments, in addition to the £1m minimum balance, taking total estimated reserves to £8.54m.

## **3.0 2017/18 BUDGET OVERVIEW**

- 3.1 Budget proposals are based on prices and levels of charges for Council Housing related services at September 2016 plus known increases, for example contractual obligations.
- 3.2 The budget investment and budget savings for the 2017/18 budget are shown within Appendix B.
- 3.3 Since presentation of these investment and savings to Cabinet in December, the following changes have been made:
  - 3.3.1 Revision of saving 'SAV20' and investment 'BI27' to reflect part year implementation of charges (see 5.3 below)
  - 3.3.2 Introduction of a new investment 'BI31' to contribute towards the new apprentice levy, which the Council will need to allow for from April 2017.

- 3.3.3 Reduction in the amount of budgetary provision for charges associated with gas and reduction in the associated central heating income 'SAV28' and 'BI30' (see 5.4 below).
- 3.4 Other changes made to the budget are:
- 3.4.1 Reduction in the level of depreciation charged from £3.995m to £3.1m (see 3.7 below).
- 3.4.2 Increase in the value of revenue contribution to capital outlay (RCCO), following re-profiling exercise of planned future Decent Homes improvement work and identification of savings achieved (see 3.8 below and HRA Capital programme report)
- 3.5 Repairs and maintenance of dwellings expenditure (Appendix A – line 1) in 2017/18 is anticipated to total £5.4m.
- 3.6 Supervision and management expenditure (Appendix A – line 4) in 2017/18 is expected to be £2.7m.
- 3.7 From 1 April 2017 full depreciation, calculated on a componentised basis in accordance with Financial Reporting Standards, is to be charged, rather than using the Major Repairs Allowance (MRA). This process involves us assessing the likely replacement cost and lifecycles of all the components that make up our housing stock and transferring from revenue to capital an appropriate provision to fund improvement work on an annual basis. Before the financial year 2012/13 all debits and credits to the HRA were prescribed through Government determinations and depreciation was not included. However, a MRA did form part of the annual housing subsidy amount and that essentially recognised the need to replace building components by transferring funds from revenue to capital. Since the implementation of the self financing HRA in April 2012, a charge was made based on an historic MRA value of £3.995m. An assessment of componentised depreciation has been calculated from our housing stock and included in the budget for the 2017/18 year at £3.1m (Appendix A – line 7).
- 3.8 For 2017/18, the level of RCCO is proposed to increase from nil in 2016/17 to £2.99m, in order to meet planned capital expenditure (Appendix A – line 24). This additional amounts reflect the reduced level of depreciation (£3.1m) compared to a higher level of MRA that was available for capital improvements (and results from the re-profiling of planned future Decent Homes work). The RCCO also supports taking forward new build projects for the brownfield site (Coalville), Greenacres (Coalville) and Willesley Estate (Ashby) sites as presented to Cabinet on 10 November 2015.
- 3.9 The budget for 2017/18 is estimated to produce an operating surplus / deficit of zero, after making the RCCO and a contribution of £142k to the debt repayment reserve, which will take total estimated HRA balances at 31 March 2018 to £8.68m. The HRA working balance will remain at £1m and the remaining £7.68m will be held in the debt repayment reserve.
- 3.10 In the years following 2017/18, the future predicted amounts that the HRA is able to contribute to the debt repayment reserve, subject to further revisions via the annual budget setting process, are as follows:
- 2018/19 - £1.19m
  - 2019/20 - £2.57m

- 2020/21 - £2.19m
- 2021/22 - NIL

3.11 Members may recall the values above differing to those presented to Cabinet in December. This is as a result of the combined and ongoing compound effect of changes to the budget which are detailed under 3.3, 3.4 and throughout this report.

3.12 Central government announced on 23 November 2016 that local authorities are no longer required to implement a “pay to stay” policy (charging higher rents to those tenants with higher incomes, with any additional income being returned to the Treasury), although it had always been assumed that the net financial impact of any such policy would have been neutral. There are no current plans to introduce such a policy.

#### **4.0 2017/18 BUDGET – RENTS**

4.1 During 2014, the Government announced that from 2015/16 rent guidance required rent increases to be via a formula of September CPI + 1% for the next 10 years. On the introduction of that guidance the former rent restructuring policy ceased, with the exception of re-letting properties at the converged rent level (‘target rent’) on re-let.

4.2 As part of the 2015/16 budget, Cabinet agreed to adopt an accelerated convergence approach that increased 2014/15 rents following the guidance of CPI + 1%, but also continued to converge rents not already at the target rent at an accelerated rate of up to £4 per week. Cabinet also agreed to the expansion of the approach to letting properties at target rent to include transfers by existing tenants.

4.3 However, at the end of October 2016, only 55% of properties were at their target rent, a much lower percentage compared to the vast majority of local authorities.

4.4 The Work and Welfare Reform Act 2016 required rents to be reduced by 1% below their 2015/16 levels, with the exception of those for supported housing. An exemption was granted for supported housing and those rents were increased by CPI + 1%. However, the Secretary of State for Work and Pensions announced on 15 September 2016 that the 1% rent reduction would apply for supported housing for 2017/18 and the following two years.

4.5 The formula for determining rents has not altered despite this direction and there is therefore some scope to review rent levels in respect of the valuation element of the rent formula (which is currently based on 1999 values). A review is currently underway to determine the financial impact of a revaluation of Council Housing stock, so we can assess the potential effect it may have on future rent levels, and income streams. This may lead to some small changes in the rents of some council properties. Any further proposals will be presented for Cabinet approval at a later date, following a revaluation exercise.

4.6 The level of rent loss due to void properties target included in the budgeted rental income is 1.5%, a reduction from 1.8% assumed in the previous year.

4.7 As a result of the 1% rent reduction for 2017/18 and lower property numbers due to RTB sales, net budgeted rental income is £305k less than budgeted in 2016/17 (Appendix A – line 12).

4.8 Until 2015/16 the long term HRA business plan had a core assumption that future rents would increase by 2.5% (notwithstanding the four year 1% rent reductions from 2016) and this was a standard benchmark assumption across most social housing landlords. In view of current government policy and the outlook for inflation, that assumption was revised downwards to 1.5% for the 2016/17 budget. It is not considered appropriate to make any further change to that assumption. This has a significant impact on projected future rental income flows, and over the 30 year business plan period additional efficiencies and further savings will still need to be identified.

## **5.0 SERVICE CHARGES, FEES AND OTHER CHARGES**

5.1 Approximately one third of the Council's properties have a service charge, covering a range of items such as communal heating, communal lighting, maintenance of communal areas and the older persons service charge. Service charges are covered by Housing Benefit, whilst all other fees and charges are not.

5.2 For 2017/18 average weekly service charges are proposed to be increased by an average of 1.03% to reflect changes in usage patterns and costs.

5.3 Tenants are due to be consulted in the new financial year about plans to introduce or enhance communal cleaning to approximately 70 blocks where the service is not currently provided. The anticipated costs will be recovered in full through a service charge and in total these are estimated to be £66,763 per annum (full year) which will require an average service charge currently estimated at approximately £3.95 per week. Although originally included for consultation at a full years forecast of cost and associated income in the proposals presented to Cabinet in December, forecasts are now amended to £50,070 for costs and associated income with a commencement date of July 2017. (See 3.3.1 above).

5.4 Central heating charges were formally proposed to be maintained at existing levels, however since seeking approval from Cabinet on this in December 2016, further work undertaken to predict forecast usage and cost has resulted in a proposed 10% reduction.

5.5 Garage rent levels are proposed to rise by 2.0% which is in line with the Retail Prices Index (RPI) as at September 2016.

5.6 Appleby Magna Caravan Site is a General Fund asset but managed by the Housing Service. Ground rents for the site are proposed to be increased by RPI of 2.0% on the anniversary of each individual rent agreement in 2017/18.

5.7 It is proposed that Lifeline Charges are increased by RPI of 2.0% from April 2017 for East Midlands Housing as per the contract, but for 8% for private customers, in line with an updated marketing plan for the Lifeline Service.

5.8 Shop leases are proposed to rise by 14% as agreed by Cabinet in November 2014 as part of the process of gradually moving them to a market rent.

5.9 A table detailing each charge variation can be found in Appendix C.

## **6.0 HRA BUSINESS PLAN**

6.1 Significant annual surpluses on the HRA are required in future years in order to meet the loan repayment commitments in the HRA Business Plan. As detailed in 2.2 and 3.8 above, existing balances and future annual surpluses will be transferred to the debt

repayment reserve for the purposes of repaying these loans. The first maturity loans fall due in 2021/22 and are for £3m and £10m. Please see Appendix D for a schedule of HRA loans.

- 6.2 The inclusion of the new build programme and the inclusion of negotiated gifted units from developers provides some improvement in the overall business plan viability. However, given the current forecasts for the rental income stream, it is not possible to achieve a positive cash flow in future over a full 30 year forecasting period where borrowing is required to finance new development for affordable rent (and no HCA funding or other subsidy is available).
- 6.3 In order to deal with significant sums in loans that mature later during the business plan period, further savings, additional income or refinancing will be needed to address shortfalls of £20.4m in 2041/42 and a further £21.9m by the end of the 30 year period in 2045/46. Cabinet will note the favourable reduction in these amounts as a result in changes made to the budget proposals, compared to the figures presented in December.
- 6.4 It should be noted that the projected level of savings requirement is very sensitive to the level of future rent increases, which is difficult to predict given the uncertainty in the medium to long term of future inflation rates and changes in central government rents policy. Therefore, as these potential liabilities fall 25 years plus hence, there are several other variables that could change over the intervening period, and the recurring option to refinance at an appropriate juncture is available, so it is not considered necessary to draw up detailed plans at the moment to address the highlighted sums.
- 6.5 The RCCO for 2017/18 is £2.99m. Future amounts are forecast to be required in order to support the capital programme, including new build proposals, as follows:

**RCCO**

- 2018/19 - £1.831m
- 2019/20 - £0.096m
- 2020/21 - £0.434m
- 2021/22 - £0.845m

- 6.6 Members should note the increased levels of RCCO compared to those presented to Cabinet in December. These additional amounts reflect the reduced level of depreciation (£3.1m) to fund capital improvements (see 3.8 above), and the effect of re-profiling of planned future Decent Homes work and identification of savings achieved during 2016/17.
- 6.7 In relation to the proposed sale of higher value empty homes, a provision of £0.5m originally included in 2016/17 capital programme will be revised to nil and carried forward to create a notional £1m provision for 2017/18. Guidance from DCLG has now been issued stating that central government will be funding the Right To Buy Pilot for housing association tenants, and that local authorities will not be required to make any Higher Value Asset Payments in 2016/17 or 2017/18. It is proposed that we retain this £1m provision in the budget whilst we await further clarification from government as to how the policy may impact on local authorities from 2018/19 onwards. If, at a later date, it becomes possible to release this provision for other purposes, it is proposed that initial consideration be given to reducing the income target from HRA asset disposals (meaning in effect we will need to sell lower numbers of surplus sites and/or vacant council houses), and/or

supporting the council's new build programme. Capital budgets are the subject of a separate report to Cabinet.

## **7.0 CONSULTATION PROCESS**

- 7.1 Consultation on the Housing Revenue Account 2017/18 draft budget proposals (as approved by Cabinet on 13 December 2016) has been completed via the Council's website and also via hard copy sent to over 100 involved residents including the Tenants and Leaseholder Consultation Forum (TLCF).
- 7.2 Members of the Performance and Finance Working Group (The Council's Resident Involvement technical finance working group who were consulted on 15 December 2016) were supportive of the recommended proposals.
- 7.3 The formal consultation closed on 12 January 2017, and no written comments were received. The TLCF indicated they were supportive of the expenditure being earmarked for the Council's new build programme, and for parking improvements on estates (capital budgets are the subject of a separate report to Cabinet).
- 7.4 The draft budget was also considered by Policy Development Group on 11<sup>th</sup> January 2017 and an extract of the relevant parts of the draft minutes are attached at Appendix E.

## **8.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES**

- 8.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Section 151 Officer or their Deputy) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.
- 8.2 Taking into account identified risks, the Deputy Section 151 Officer considers that the estimates which form the Housing Revenue Account Budget for 2017/18 are robust and prudent, and the proposals are deliverable.
- 8.3 The Deputy Section 151 Officer also considers that the overall level of Housing Revenue Account reserves is adequate.



## APPENDIX A

## HOUSING REVENUE ACCOUNT SUMMARY - DRAFT

LINE NO.	DETAIL	2016/2017		2017/2018
		Budget £	Forecast (p9) £	Estimate £
1.	TOTAL REPAIRS & MAINTENANCE	5,258,450	4,994,630	5,354,970
	SUPERVISION & MANAGEMENT			
2.	General	2,163,710	2,162,610	2,190,720
3.	Special	608,230	601,730	502,030
4.		2,771,940	2,764,340	2,692,750
5.	PROVISION -DOUBTFUL DEBTS	125,000	125,000	125,000
6.	CAPITAL FINANCING:-			
7.	Depreciation - MRA & other	3,995,170	3,995,170	3,139,190
8.	Debt Management Expenses	1,400	1,400	1,390
9.		3,996,570	3,996,570	3,140,580
10.	TOTAL EXPENDITURE	12,151,960	11,880,540	11,313,300
11.	RENT INCOME			
12.	Dwellings	17,268,070	17,465,240	17,109,960
13.	Service Charges	464,490	453,050	519,460
14.	Garages & Sites	84,130	74,770	85,630
15.	Other	25,570	20,540	21,380
16.	TOTAL INCOME	17,842,260	18,013,600	17,736,430
17.	NET COST OF SERVICES	-5,690,300	-6,133,060	-6,423,130
18.	CAPITAL FINANCING - HISTORICAL DEBT	147,670	147,670	125,000
19.	CAPITAL FINANCING - SELF FINANCING DEBT	3,257,170	3,257,170	3,257,170
20.	INVESTMENT INCOME	-66,020	-90,510	-43,860
21.	PREMATURE LOAN REDEMPTION PREMIUMS	7,060	7,060	7,060
22.		3,345,880	3,321,390	3,345,370
23.	NET OPERATING EXPENDITURE	-2,344,420	-2,811,670	-3,077,760
24.	REVENUE CONTRIBUTION TO CAPITAL	0	0	2,986,380
25.	DEPRECIATION CREDIT - VEHICLES	-50,730	-50,730	-50,730
26.		-50,730	-50,730	2,935,650
27.	NET (SURPLUS) / DEFICIT	-2,395,150	-2,862,400	-142,110
	<u>HRA BALANCES</u>			
28.	Balance Brought Forward	-5,678,481	-5,678,481	-1,000,000
29.	(Surplus)/Deficit for Year	-2,395,150	-2,862,400	-142,110
30.	Transfer to Loan Repayment reserve	7,073,631	7,540,881	142,110
31.	HRA General Balance as at year end	-1,000,000	-1,000,000	-1,000,000
32.	Loan Repayment Reserve balance	-7,073,631	-7,540,881	-7,682,991

**Saving / Increase in Income**
**APPENDIX B**

Ref	Team	Savings Bid Title	Value	RAG
SAV1	Housing Management	Removal of two Support Officer posts within Older Persons Service	-£56,250	G
SAV2	Housing Management	DWP Funding to continue Support Officer (Universal Credit) role	-£13,000	G
SAV3	Housing Management	Council Tax Expenses impact following reduction in number of empty properties	-£29,880	G
SAV5	Asset Management Team	Mechanical Air Extraction	-£15,000	G
SAV7	Asset Management Team	Reduction in DLO spend on fuel	-£6,000	G
SAV8	Asset Management Team	Tipping Charges	-£9,090	G
SAV11	Housing Management	Lifeline Service Remodelling	-£6,240	G
SAV13	Housing Management	Additional income from Court Cost increases	-£7,850	G
SAV14	HRA Business Support	Reduction in the level of corporate recharges to the HRA	£-200,000	G
SAV 15	HRA Business Support	Merging of Energy Strategy Officer position with another post (80% saving)	-£31,730	G
SAV16	Housing Management	AMCS HRA Management Fee charge to the General Fund	-£15,650	G
SAV18	Asset Management Team	Reduction in responsive & maintenance costs as a result of right to buy sales	-£32,000	G
SAV19	HRA Business Support	Budgeted reduction in void rate from 1.8% to 1.5%	-£52,300	G
SAV20	HRA Business Support	Introduction of communal cleaning into flats	-£50,070	G
SAV28	Housing Management	Contracted gas price reduction - Service Chargeable element	-£8450	G
De-min SAV	De-minimis (below £5k)	Online Document Access for Tenant Scrutiny Panel (SAV2) £1,000; Repairs charges for Leaseholders (SAV17) £460; Repairs to shared common parts (SAV22) £3,430; Fire extinguisher servicing (SAV23) £480; Increase in garage rent (SAV24) £1,500; Door entry maintenance charges (SAV25) £620; Annual increase in cleaning contract (SAV21) £370; TSP Budget Reduction (SAV27) £2,000	-£9,860	G
Total			<b>-£543,370</b>	

**Investment / Reduction in Income**

Ref	Team	Investments Bid Title	Value	RAG
BI2	Housing Management	Introduction of CCTV to Cropston Drive	£5,000	G
BI3	Housing Management	Continue Support Officer (Universal Credit) role in Housing Management Team	£31,000	G
BI5	Housing Management	Impact of increased Court Cost fees	£17,000	G
BI12	Housing Management	Additional Lifeline Equipment in support of marketing plan	£10,000	G
BI18	Asset Management Team	DLO cost of living salary increases	£30,150	G
BI19	Housing Revenue Account	Housing Team cost of living increase and Asset Management Team Restructure Charges	£89,800	G
BI22	Director & Head of Housing	Removal of Salary Turnover for Director and Head of Housing	£5,350	G
BI23	HRA Business Support	Funding in support of Greenhill youth facilities	£25,000	G
BI26	Asset Management Team	Amendment to the apportionment of revenue and capital salary costs following the restructure of the Asset Management team	£132,370	G
BI27	Housing Management	Additional expenditure with introducing service charge for cleaning of common parts in flats	£50,070	G
BI30	Housing Management	Income reduction from heating service charges	£8450	G
BI31	HRA	Apprenticeship levy split evenly across the Housing Service	£10,000	G
De-min BI	De-minimis (below £5k)	Insurance premium payments for TARAs (BI4) £700; Increased subscriptions including Housing Ombudsman (BI11) £4,800; Annual contract increases (BI13) £3,620; Grounds maintenance annual increase (BI25) £1,020; Annual increase cleaning contract (BI24) £370	£10,510	G
Total			<b>£424,700</b>	

## COMPARISON OF 2016/17 AND 2017/18 HOUSING CHARGES

## APPENDIX C

Chargeable Service	2016/17		2017/18			Basis of Increase	
	Actual 2016/17	Charge	Estimates 2017/18	Increase/ (Decrease)	% Change		Charge
Service Charges	£492,107	Varies per property	£554,794	£62,687	1.03%	Largest increase value: £2.88 pw or 84%; Largest decrease value: £1.36pw or -98%	Based on assessment of all chargeable services.
Central Heating (before adjustments to income for void loss)	£115,223	0 Bed: £7.75pw 1 Bed: £9.34pw 2 Bed: £10.72pw 3 Bed: £12.32pw	£84,550	-£12,200	-10.00%	0 Bed: £6.95w 1 Bed: £8.41pw 2 Bed: £9.65pw 3 Bed: £11.09pw	Based on market assessment of predicted utility costs during 2016/17 and forecast energy prices for 2017/18.
Garage & Garage Site Rent (before adjustments to income for void loss)	£75,000	Garage: £6.30pw Site: £4.04pw	£76,500	£1,500	2.00%	Garage: £6.43pw Site: £4.12pw	September 2016 RPI increase in line with other years
Appleby Magna Caravan Site Rent (before adjustments to income for void loss)	£15,595	Site: £31.19pw	£15,907	£312	2.00%	Site: £31.81pw	September 2016 RPI based increase at anniversary date of each licence in line with previous years.
Shop Leases	£14,300	n/a	£16,302	£2,002	14.00%	n/a	14% increase based on Nov 14 Cabinet Report
Tenants Contents Insurance	£45,883	Premiums from £0.44 to £6.70pw	£51,299	£256	0.50%	Premiums from £0.44 to £6.78pw	Minimum increase in price of 0.5% in IPT, not yet known if any further increase in premiums due to renegotiation of framework agreement
Lifelines for private customers	£100,726	£3.39 per week	£108,789	£8,063	8.00%	£4.18pw based on marketing plan	Private lifelines marketing plan to be presented by HMTM
Lifelines (East Midlands Housing Association)	£38,209	Various depending on scheme	£38,973	£764	2.00%	Various depending on scheme	September 2016 RPI increase in line with other years
Choice Based Lettings Advertising Costs	£28,000	n/a	£22,000	-£6,000	-21.43%	n/a	Reduction based on c100 fewer void properties from Housing Management
<b>Total Services</b>	<b>£925,042</b>		<b>£969,114</b>	<b>£44,072</b>			

**NWLDC Housing Revenue Account Loan Schedule**

**NWLDC - HRA Self Financing loans taken up 26/03/12**

**PAYMENT PROFILE - PRINCIPAL AND INTEREST**

<b>Loan Type (repayment year for maturity loans)</b>	<b>Principal</b>	<b>Loan Period (Years)</b>	<b>Interest Rate</b>
Maturity (2042)	10,000,000	30	3.5
Annuity	10,000,000	20	2.57
Maturity (2022)	10,000,000	10	2.4
Maturity (2022)	3,000,000	10	2.4
Annuity	10,000,000	15	2.02
Maturity (2037)	10,000,000	25	3.44
Maturity (2042)	13,785,000	30	3.5
Maturity (2042)	10,000,000	30	3.5
	<b>76,785,000</b>		

Note – The above schedule does not reflect the HRA share of existing general fund loans for which the HRA bears an annual charge

## APPENDIX E

EXTRACT of the MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 11 JANUARY 2017

Present: Councillor M Specht (Chairman)

Councillors N Clarke, J Cotterill, J Geary, D Harrison, G Hault, V Richichi, A C Saffell and N Smith

In Attendance: Councillors R Johnson and S Sheahan

Officers: Mr S Bambrick, Mr C Brown, Mr P Collett, Mr A Hunkin, Mr G Jones, Outama, Mr P Padaniya, Mr J Richardson and Mrs R Wallace

Guests: Mr M Beckett (SLC Rail), Inspector H Bhakta (Leicestershire Constabulary), Mr B Hulland (SLC Rail) and Ms K Smith (SLC Rail)

### **23. HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2017/18**

The Director of Housing presented the report to Members highlighting the proposed budgeted surplus of £276,000 and the estimated balance on the Housing Revenue Account to be £8.5million by March 2018. He referred to the consultation process with Council tenants and reported that the comments were mainly around the building of new council homes which was well received, the proposed parking improvements on estates were welcomed and a preference for air source heat pumps heating systems over gas central heating, even though they were more costly to install.

Councillor D Harrison was pleased to see an improvement in the turnaround time for void properties and asked what the current figures were. The Director of Housing reported that the turnaround time was now 35-36 days. He also informed Members that rent loss due to void properties was now down to 1.2 percent from 1.8 percent last year, this equated to approximately £100,000 additional rent income.

Councillor N Clarke referred to the repayment of debts as detailed at paragraph 2.2 of the report and asked if it was still due to be repaid as per the planned timescales. He also added that he was delighted about the new build council homes and thanked the Director of Housing for all the work undertaken to try and acquire the site at Cropston Drive for development. The Director of Housing confirmed that the debt repayment was on track as planned and that complex negotiations were ongoing in relation to acquiring the Cropston Drive site.

It was moved by Councillor D Harrison, seconded by Councillor J Geary and

RESOLVED THAT:

The comments made by the Committee be considered by Cabinet at its meeting on 7 February before making recommendations to Council on 24 February