

## ISLE OF ANGLESEY COUNTY COUNCIL

<b>Report to:</b>	<b>Meeting of the Executive</b>	
<b>Date:</b>	<b>18 February 2013</b>	
<b>Subject:</b>	<b>HRA Budget</b>	
<b>Portfolio Holder(s):</b>	<b>Councillor John Chorlton, Councillor O Glyn Jones</b>	
<b>Lead Officer(s):</b>	<b>Einir Wyn Thomas Head of Service (Finance)</b>	
<b>Contact Officer:</b>	<b>Stephen Moore</b>	<b>(Ext. 2634)</b>
<b>Nature and reason for reporting</b>		
To set the HRA budget for 2013/14.		

### A – Introduction / Background / Issues

This report, together with the report of the Head of Service (Housing) on the rent level for 2013/14, shows the projected financial plan for the HRA for next year. It feeds in to the corporate budgets, treasury management plans and prudential indicators.

The attached Appendix A shows the extract from the business plan for the 2013/14 budget.

### B - Considerations

#### 1. 2013/14 BUDGET - DETAILS

The 2013/14 budget is based on the HRA 30 year business plan, which presumes inflation of 2%. The plan does not include any provision for the potential 'buy out' from the HRA subsidy currently being negotiated between the Welsh Government and the Treasury. Since it was submitted, the Welsh Government have issued revised guidance on rent levels (see separate rent paper), but the effect on revenue is negligible. In addition, the following changes are incorporated into the plan:

- The Supervision and Management budget has been reduced now that the new computer system has been installed, with phase one now live, phase two due to go live in April with further phases to follow. Repairs and maintenance costs have been reduced following the successful completion of the WHQS scheme apart from those properties where the upgrade has been deferred at the request of the tenant, which has had the effect of reducing routine maintenance.
- Assuming the rents are set at the level recommended by the Welsh Government (see the paper submitted to this meeting by the Head of Housing Service), the net rent would be £12.65 million. This includes the expected effect of welfare reform on the level of bad debt expected, an additional £50k being provided for. Compared with last year's net rents budget, this is an increase of £148k.
- There have been no Right to Buy sales in 2012/13 to date, and is expected to remain low for 2013/14. The table below demonstrates the effect:-

	2012/13	2013/14
Number of dwellings - 1st April	3,807	3,802
Anticipated Right to Buy sales	-5	-5
Number of dwellings - 31st March	3,802	3,797

- Garage rents after deducting voids would be £195k, £9k higher than last year.

## 2. CAPITAL PROGRAMME

The business plan incorporates a capital programme of £4.9million. The Major Repairs Allowance (MRA) for 2013/14 has been confirmed in principle at £2.6m. These figures have been incorporated in the report on the capital budget presented to the Executive on 18<sup>th</sup> February.

The amounts available for Housing Revenue Account Capital for 2013/14 are:-

Major Repairs Allowance	£2.6m
Capital Receipts	£0.5m
Revenue Contributions	£1.8m
 Total Amount of Core Capital resources available	 £4.9m

There is no planned requirement for unsupported borrowing in 2013/14. As at 31<sup>st</sup> March 2013 the planned balance of unsupported borrowing will be £11.4m out of the original total loan of £12.4m.

## 3. POSITION AT YEAR END

The HRA reserve was £247k as at 31 March 2012. The projected balance as at 31 March 2013 is £240k. This outturn is achievable, but is subject to uncertainty as a result of the recent poor weather affecting call-outs and unplanned repairs, and the likely level of the repatriation from the Building Maintenance Unit which shows a deficit of £723k at 31<sup>st</sup> December, but at least 4 weeks charging runs have yet to be completed.

If this budget is approved, this projected balance will increase to £728k by 31 March 2014. This is an appropriate level of reserve for the HRA.

<b>C – Implications and Impacts</b>	
<b>1</b>	<b>Finance / Section 151</b>
<b>2</b>	<b>Legal / Monitoring Officer</b>
<b>3</b>	<b>Human Resources</b>
<b>4</b>	<b>Property Services</b> (see notes – separate document)
<b>5</b>	<b>Information and Communications Technology (ICT)</b>
<b>6</b>	<b>Equality</b> (see notes – separate document)
<b>7</b>	<b>Anti-poverty and Social</b> (see notes – separate document)
<b>8</b>	<b>Communication</b> (see notes – separate document)
<b>9</b>	<b>Consultation</b> (see notes – separate document)
<b>10</b>	<b>Economic</b>
<b>11</b>	<b>Environmental</b> (see notes – separate document)
<b>12</b>	<b>Crime and Disorder</b> (see notes – separate document)
<b>13</b>	<b>Outcome Agreements</b>

**CH - Summary**

The paper shows the basis for the proposed HRA budget for 2013/14.

**D - Recommendation**

To approve the HRA budget for 2013/14.

**Name of author of report – Einir Wyn Thomas**

**Job Title – Head of Service (Finance)**

**Date – 8 February 2013**

**Appendices:**

Appendix A – Extract from the HRA 30 year business plan.

**Background papers**

APPENDIX A

EXTRACT FROM HRA 30 YEAR BUSINESS PLAN

	2012/13	2013/14
	Budget	Plan
	£k	£k
<b><u>Revenue Expenditure</u></b>		
Management Costs	2,588	2,450
Repairs & Maintenance	4,022	3,871
Other	250	
HRA Subsidy Payment	2,320	1,907
Capital Financing Costs	2,097	2,441
Revenue Contributions	1,500	1,775
	<b>12,777</b>	<b>12,444</b>
<b><u>Revenue Funding</u></b>		
Rental Income	12,502	12,650
Garages	186	195
Interest	1	3
Other income	81	83
	<b>12,770</b>	<b>12,931</b>
<b>Surplus / - Deficit For Year</b>	<b>-7</b>	<b>488</b>
Balance Brought Forward	247	240
<b>Balance Carried Forward</b>	<b>240</b>	<b>728</b>

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	2012/13	2013/14
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Balans Ddygwyd Ymlaen	247	240
<b>Balans i'w ddwyn ymlaen</b>	<b>240</b>	<b>728</b>