

Kettering *Borough Council*

DRAFT BUDGET BOOKLET - 2019/20

Section 2

Housing Revenue Account Estimates 2019/20

HOUSING REVENUE ACCOUNT ESTIMATES 2019/20

Ref		Original 2018/19	Revised 2018/19	Draft 2019/20
		£	£	£
	INCOME			
1	Rents - Dwellings Only	14,932,000	14,722,230	14,875,000
	Service Charges	420,000	416,000	436,000
	HRA Investment Income	6,600	6,600	6,600
	Total Income	15,358,600	15,144,830	15,317,600
	EXPENDITURE			
2	Repairs and Maintenance	3,909,040	4,087,800	3,803,760
3	General Management	2,466,850	2,534,970	2,692,130
4	Special Services	1,066,530	1,077,040	1,096,790
5	Rents, Rates, Taxes & Other Charges	110,000	150,000	130,000
6	Contribution to Bad Debt Provision	150,000	75,000	150,000
7	Revenue Contribution to Capital	2,634,160	2,549,000	2,598,900
8	HRA Self Financing	4,724,670	4,473,670	5,146,670
9	Interest Payable	197,350	197,350	199,350
10	Contingency	100,000	0	0
11	Transfer To/From Reserves	0	0	(500,000)
	Total Expenditure	15,358,600	15,144,830	15,317,600
	Net Operating Expenditure	0	0	0
	Net Change in Balances	0	0	0
	Balance Carried Forward	(850,000)	(850,000)	(850,000)

Variance Explanations

- 1 The Council continues to follow Government policy for rent setting. In 2019/20, KBC tenants face average decreases of 1% per week equivalent to £0.79, the average rent per week in 2019/20 being £78.64. The 1% rent reduction and the impact of higher voids and right to buy sales is partially offset by 2019/20 being a 53 week rent year. The reduction in the 2018/19 revised budget is due to the Council having more void properties and higher right to buy sales than anticipated.
- 2 This represents the cost of maintaining the council's housing stock to the expected Housing Standard and includes general maintenance, gas servicing and repair costs. The change in the 2018/19 revised budget reflects an increase in costs due to increased activity on standard voids and general maintenance works. The change in the 2019/20 draft budget reflects reduced expenditure on subcontractors and changes in National Pay Policy.
- 3 General Management represents the cost of managing the Housing services provided by the Council and includes the cost of running the department efficiently and effectively. The change in the 2018/19 revised budget reflects an increase in support costs, the increase in the 2019/20 original budget reflects changes in National Pay Policy.
- 4 This represents the cost of running the Council's Sheltered Housing Scheme for vulnerable residents and includes expenditure on maintaining the Scheme properties. The draft budget for 2019/20 reflects changes in National Pay Policy.
- 5 This reflects charges for Council Tax on void properties, the increased costs in the 2018/19 revised and 2019/20 draft budgets reflect void levels being higher than anticipated.
- 6 This represents the cost of Bad Debts to the Housing Revenue Account. The reduction in 2018/19 revised budget reflects a lower contribution to the bad debts provision. The draft budget for 2019/20 has been kept at the same level as the 2018/19 original budget due to the uncertainty of the impact of welfare reform.
- 7 This reflects the level of investment into the Capital Programme that is funded by rents. This is calculated based on the certified value of properties owned by the Council. The reduction in the 2018/19 revised budget and 2019/20 draft budget reflects lower increases in house prices than anticipated.
- 8 This reflects the borrowing undertaken by the HRA for the self-financing regime which came into effect on 1st April 2012, the Council's share of the national housing debt was £72.9m. The change in the 2018/19 revised budget reflects a reduction in the amount being set aside for the loan repayment of £3m, this reduction is being replaced by receipts from right to buy sales which do not pass through the revenue account. This is a technical adjustment and does not impact on the amount of loan repaid. The increase in the 2019/20 draft budget reflects the loan repayment increasing to £3.5m, this is financed by using monies set aside in a reserve in line with the HRA's medium term financial strategy. (See 11)
- 9 This relates to technical recharges between the General Fund and the HRA. The increase in the 2019/20 original budget reflects the annual charge for the appropriation of land between General Fund and HRA required for the new build projects at Scott Road and Albert Street.
- 10 The 2018/19 revised and 2019/20 draft budgets show a reduction in the contingency budget due to the continued pressures of the 1% rent reduction policy and inflationary increases. The Council proposes to reintroduce this budget in the medium term.
- 11 This line reflects transfers to and from reserves. The 2019/20 draft budget reflects the additional sum required to repay the 2019/20 self financing loan set aside in a reserve. (See 8)