



PORTFOLIO AREA: FINANCE AND RESOURCES

Date of Meeting: 17 DECEMBER 2001

Public

Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework

Title: HOUSING REVENUE ACCOUNT (HRA) REVENUE ESTIMATES
2002/03

Report of: THE CITY TREASURER

Report reference: FINANCIAL MEMO 2001/02 NO 103 (Amended)

Summary:

This report considers the revised revenue estimates for 2001/02 together with the estimates for 2002/03 in respect of the Housing Revenue Account. The report is compiled in the light of the City Council's agreed budget strategy for 2002/03 and has been revised from the report presented to the Executive on 26 November following the draft HRA subsidy information which has now been received.

Recommendations:

The Executive is requested to approve the estimates for the purpose of formulating a recommended budget to Council. In particular the Executive is asked to consider the following:

- (i) The level of dwelling rents to be applied in 2002/03.
- (ii) The desired level of year end balances.
- (iii) The rent for garages.

Contact Officer: David Steele

Ext: 7288

Note: In compliance with Section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: DTLR Draft HRA Subsidy Determinations (issued 26 Nov 2001).

CITY OF CARLISLE

To: The Executive
17 December 2001

Financial Memo
2001/02 No 103

HOUSING REVENUE ACCOUNT REVENUE ESTIMATES 2002/03

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 This report summarises the revenue estimates for the Housing Revenue Account (HRA). The HRA is outlined below with more detail being shown in Appendix "A". A detailed analysis of the changes between the Original and Revised estimates for 2001/02 and the base estimate for 2002/03 can be found at Appendix "A1".

<u>2000/01</u>		<u>2001/02</u>	<u>2001/02</u>	<u>2002/03</u>
<u>Actual</u>		<u>Original</u>	<u>Revised</u>	<u>Estimate</u>
<u>£000</u>		<u>£000</u>	<u>£000</u>	<u>£000</u>
21,395	Expenditure	26,525	27,503	26,071
21,727	Income	26,029	25,938	25,173
(332)	Deficit/(Surplus) In Year	496	1,565	898
3,322	Balance b/fwd	1,678	3,654	2,089
3,654	Balance c/fwd	1,182	2,089	1,191

- 1.2 These estimates have been compiled in accordance with the City Council's agreed budget strategy for 2002/03. They have been prepared on an outturn basis with assumptions built in regarding price changes for all goods and services; in particular the pay award due in April 2002 has been assumed at 3%. The estimates are cash limited at these amounts which mean that, once approved, Budget Holders must operate within this budget.
- 1.3 Where estimates have not been contained within agreed cash limits then this is indicated in the relevant section of this report.
- 1.4 The estimates are presented to the Executive in a summarised format. A set of papers containing all the detailed estimate provisions is available from the City Treasurer's Department on request.

- 1.5 Members should note that while these estimates have generally been finalised, some budgets may be subject to change before the estimate cycle is completed. This principally relates to the 'Central Administration' recharges which still have to be finally agreed between service departments.

2. LARGE SCALE VOLUNTARY TRANSFER (LSVT)

- 2.1 As members will be aware, preparations are gathering apace in respect of the proposed LSVT of the City Council's housing stock. The current timetable predicts a ballot next summer with the transfer, assuming a positive result from the ballot, taking place in December 2002.
- 2.2 At this stage, the only prudent course is to estimate for a full year's Housing Revenue Account during 2002/03. The stock is still in the Council's ownership and will remain so until at least December 2002. Clearly if the LSVT proceeds, it will eventually be necessary to apportion HRA costs and income relating to 2002/03, depending upon the date of transfer. However until the result of the ballot is known, there will be no requirement to undertake such an exercise.
- 2.3 As for the costs to be incurred by the City Council in preparing for the LSVT, they are almost entirely borne by the General Fund and will be reflected as such in the General Fund balance. Only a limited amount of consultation expenditure is chargeable to the HRA.

3. ESTIMATE ASSUMPTIONS

3.1 Council House Sales

- 3.1.1 The following level of sales has been reflected in the rent income estimates:

	<u>Forecast Sales</u>
	No.
Original Estimate 2001/02	130
Revised Estimate 2001/02	170
Original Estimate 2002/03	180

- 3.1.2 The stock of houses will be smaller in 2002/03 than in the previous year due to the impact of both Right to Buy sales and the Raffles Area Strategy. However it has always been the considered view of the Director of Housing that the impact of these factors on repair and maintenance requirements will be minimal especially in the context of an ageing stock and increasing demands for repairs.
- 3.1.3 The implications for the capital programme of forecast sales both in this year and in 2002/03 will be the subject of a separate report on total capital resources which will be considered elsewhere on the agenda.

3.2 Bad Debt Provision

- 3.2.1 A provision of £335,300 has been made in both 2001/02 and 2002/03 against any need for the write off of uncollectable rent arrears. This sum is reviewed annually in accordance with Audit Commission guidelines. In 2000/01 the provision made was £286,190. This includes provision made for any irrecoverable housing benefit overpayments.

3.3 Voids

- 3.3.1 The following void levels have been assumed:-

	%
2001/02 Original Estimate	6.50
2001/02 Revised Estimate	8.45
2002/03 Original Estimate	8.80

- 3.3.2 The issue of voids and low demand remains one of the most difficult housing management issues presently facing the City Council. It is a problem that is not confined to this area but in contrast it is one that is facing many providers of social housing in the whole of the North of England.

4. HOUSING SUBSIDY SYSTEM

- 4.1 The long anticipated introduction of Resource Accounting into the Housing Revenue Account took place on 1 April 2001. Coupled with the injection of the Major Repairs Allowance (MRA), this represented the biggest change to the housing subsidy system since the present arrangements began in 1990.
- 4.2 However it appears that yet further changes to the subsidy system can be anticipated from 2002/03. The principal driver of these changes is the system of rent restructuring that is to be introduced from 1 April 2002. The aim of the new policy is to attempt to ensure that social rents on similar houses in the same area will be the same, no matter who is the landlord. It does though not necessarily mean that local authority and RSL rents will completely converge due to there being objective differences between stock in the two sectors. A period of up to ten years is envisaged for rent convergence to take place.
- 4.3 The draft subsidy variables for 2002/03 are now available. Set out below are the principal subsidy allowances for 2002/03 as compared to 2001/02.

	<u>2001/02</u>	<u>2002/03</u>	<u>Variation</u>
	£	£	%
Management Allowance per property	266.63	271.96	2
Maintenance Allowance per property	624.41	643.08	3
Guideline Rent per property	1,881.44	1,979.12	5.2
Allowed Percentage for Voids	2%	2%	Nil

- 4.4 In previous years, the City Council has normally benefited from increased Management and Maintenance Allowances each year but these have been more than offset by the rise in the (much larger) assumed guideline rent per property. As a result the authority has usually lost subsidy year on year through these amendments, although the losses have varied considerably. This will also be the case in 2002/03 where the gross loss compared to 2001/02 is some £565,000. However allowing for reduced stock levels, the reduction falls to £310,000.
- 4.5 The Major Repairs Allowance will also be paid in 2002/03. In 2001/02 this cash sum amounted to £3,991,540 (£490.06 per property). In 2002/03 the allowance is forecast to fall to £3,881,470 (£492.76 per property). However the sums paid for the Tenants Compact and Resource Accounting totalling £63,000 in 2001/02 will not be received in 2002/03.

5. RENT RESTRUCTURING

- 5.1 Mention was made in the previous paragraph of the issue of rent restructuring and the fact that its implementation will be effected through the workings of the HRA subsidy system. However it is fair to say that the implementation exercise looks likely to pose considerable administrative problems for any social landlord, whether local authority or housing association.
- 5.2 The issue of rent restructuring will therefore have to be addressed as part of the rent setting process although the government does stress that the overall level of its rents is a matter for each authority. The Director of Housing has also commented on this issue in para 14.

6. CONTRIBUTIONS FROM THE GENERAL FUND

- 6.1 Contributions to the HRA from the General Fund are only allowable where it can be clearly demonstrated that this reflects the cost of provision within the HRA of tangible benefits to non tenants. Thus the HRA bears the cost of maintaining amenity and play areas on Council Estates but the benefit of such areas is clearly one that is enjoyed by tenants and non tenants alike. On the basis of estimated non tenants on City Council Estates, a recharge of £105,810 has been estimated for 2002/03.

7. NEW POLICY INITIATIVES

- 7.1 Council approved the New Policy Initiatives for 2002/03 during the budget cycle in February 2001. Set out below are the original allocations and current provision together with the commitment into 2002/03 where appropriate:

		<u>2001/02</u> <u>Original</u> £	<u>2001/02</u> <u>Revised</u> £	<u>2002/03</u> <u>Estimate</u> £
(i)	Supporting People ILM	6,950	3,630	7,480
(ii)	Housing Best Value	30,000	30,000	31,940
(iii)	Mediation Service	3,000	3,000	3,000
(iv)	Introductory Tenancies	17,370	11,200	18,480
(v)	Resource Accounting	25,000	25,000	-
(vi)	Supporting People - Preventative Care (2 year)	6,300	6,300	-
		<u>£88,620</u>	<u>£79,130</u>	<u>£60,900</u>

- 7.2 Prospective bids for 2002/03 were considered by the Executive on 15 October and are not yet incorporated into the estimates as now presented.

8. THE LEVEL OF RENTS AND BALANCES 2002/03

- 8.1 The projected balance at 31 March 2003 before the application of any rent increase stands at £1,190,640. This makes no allowance for any variations in the base level of service, except for any commitments already agreed by Council. Nor does it take account of any savings that might be made elsewhere in the budget or of the income accruing from any rent increase.
- 8.2 In my view a minimum level of balances for the HRA in normal circumstances remains of the order of £1,000,000. This is consistent with the advice I have previously given to the Housing and Care Services Committee and has always been accepted Council policy. A balance of this sort of size is required partly as a working balance and also to provide a cushion against unexpected events. This sum represents less than 5% of total annual HRA expenditure.

- 8.3 However against the uncertain backdrop of LSVT and the need to fund the corporate implications for the General Fund, a rather higher level is required. As things stand at present, the City Council would be committed to £1,600,000 in respect of Housing Benefit payments alone (over the next three years) should the proposed LSVT take place. Any balance on the HRA at the time of transfer would be available as a resource to meet this and any other costs falling on the General Fund. I would therefore advise that the target balance for December 2002 should be some £1.6m to £2m.
- 8.4 Conversely if the stock remains in Council ownership, the continuing falls in stock levels and increasing void rates point to a continuing need to address the financial problems facing the HRA in the longer term as well as in 2002/03. This too supports the argument for a higher balance than has previously been the case.
- 8.5 The policy of virtual rent-capping, which was introduced in 1996/97, looks set to continue. In a nutshell, for subsidy purposes, this effectively restricts authorities to a rent increase that in cash terms is no higher than that set out in the subsidy guideline rent increase. In 2001/02, the City Council took the decision to impose a 'cap busting' rent increase which took the average rent to the level above the guideline rent. As a result the net benefit to the City Council is only some 40p in every £1 of excess rent increase as some 60% of rent payments are met by rent rebate subsidy and this is not payable on rents above the guideline level.
- 8.6 For 2002/03 the limit rent for subsidy purposes has been set at £43.41 for this authority. This compares with the currently average rent of £43.00 (previously reported as £42.87). This does mean that the first 41p of any rent increase will produce a 100% yield for the City Council. Above the level, the net yield due to subsidy limitation falls to approx 40p in the £1.
- 8.7 As a guide to the financial effect of any proposed increases, the following table sets out various options based on the current average rent of £43.00. Members may wish to note that 2002/03 is a 53 week rent year.

<u>Rent Increase (per week)</u>	<u>% Increase</u>	<u>Amount to be Raised</u>	<u>Projected Year End Bal</u>
		£	£
Nil	Nil	Nil	1,190,640 in hand
41p	1.0	140,000	1,330,640 in hand
50p	1.2	153,000	1,343,640 in hand
£1	2.3	226,000	1,416,640 in hand
£1.50	3.5	299,000	1,489,640 in hand
£1.94	4.5	363,000	1,553,640 in hand
£2.00	4.7	372,000	1,562,640 in hand
£2.24	5.2	407,000	1,597,640 in hand
£2.50	5.8	445,000	1,635,640 in hand
£3.00	7.0	518,000	1,708,604 in hand

9. SUMMARY

- 9.1 The detailed estimates show a provisional projected balance in hand on the HRA at 31st March 2003 of £1,190,640. This is before taking account of any further enhancements to the service that Members may wish to consider outwith those that can be financed by a redirection of resources under the New Policy Initiatives. It is also prior to determining the level of any rent increase to be applied.

10. CONSULTATION

Overview and Scrutiny as part of the budget process.

11. STAFFING/RESOURCES COMMENTS

Not applicable.

12. FINANCIAL COMMENTS

Included in the main body of the report.

13. LEGAL COMMENTS

Not applicable.

14. CORPORATE COMMENTS

- 14.1 The Director of Housing has been involved in the preparation of these estimates and is in agreement with the conclusions and recommendations. He comments further on the issue of rent restructuring and service charges.

14.2 Long-Term Changes in the Way Rents Must be Set

- 14.2.1 The government takes the view that there appears little rationale in the way Councils and Housing Associations have historically set rents for similar properties in the same area and wants to make sure that in future these rents better reflect the value and size of the property so that tenants can appreciate more clearly what they are paying for.
- 14.2.2 The government is therefore introducing new arrangements from next year (April 2002) for how Councils and RSLs must set their rents. The new arrangements are fairly complicated but the following summarise the principal changes:

- **Key Change No.1:** In future Councils must set their rents using a government calculation that is partly based on what the property *is worth* (how big it is, where it is, etc) and partly based on what the government considers to be *average local incomes* (based on what full-time 'manual' workers in Cumbria earn). This is completely different from the way Councils set their rents now – this tends to be based on how much it cost to build and then maintain the properties.
- **Key Change No.2:** Because the change in the way rents are worked out may have a fairly big impact on what tenants pay, the government is giving Councils up to 10 years (March 2012) to introduce the changes in full and has set every Council targets and also limits for how much they must do each year to bring their rents in line with these targets.
The government has recognised that the introduction of the new regime represents a major administrative/IT challenge to Councils. It is therefore content to see Councils defer the introduction of the detailed regime to 2003/04 provided that they levy an average rent increase consistent with the average rise that the detailed implementation would otherwise have produced.
- **Key Change No.3:** As part of these changes the government also requires Councils to stop putting the cost of 'special' services in with the general rent and instead to make a separate break-even charge for them.

This means for example that the cost of services such as the Housing Visitors or garden maintenance must be separated out from the rent and only charged to those people who receive these services. These are called 'Service Charges'.

14.3 **Actions Required**

14.3.1 The Council must:

- Recalculate every tenant's rent in the way the Government has set out.
- Bring in Service Charges for those services we provide which should not be part of the rent.
- Decide how/when we are going to start and finish all these changes.

14.4 The Main Differences for Tenants

14.4.1 Rents

In general terms Council rents are likely to rise in Carlisle over the next 10 years at around 1.5% per year faster than inflation. This assumes the DTLR's current projections hold good – these are due for review in 2005/06 and may therefore be subject to alteration.

This means that on average Council rents in Carlisle will be rising close to local housing association rents for similar properties.

However some individual tenants may see rises which are larger than this, or indeed some may see their rents 'frozen' or rarely even going down.

This is because while the new system will generally lead to a faster rise in Council rents, as the rent calculation will in fact be done property-by-property, some may rise and some may fall due to the new way they are calculated.

For example we expect to find that the rises for 1 bedroom flats will be generally less than for 3 bedroom houses because of the way the new system works out rents.

14.4.2 Service Charges

The Council has in fact already started to introduce many of these charges from April 2001 with the run-in to the 'Supporting People' regime which is due to take over from rents for funding selected support services from April 2003.

However there are a number of services where the introduction of economic Service Charges is outstanding and which have previously been deferred pending separate guidance from the DTLR on both rent restructuring (received) and Service Charges (still awaited).

The list of services this applies to is as follows:

- APD Grounds Maintenance
- Careline
- 'Floating Support' for Vulnerable Tenants
- Housing Visitors
- Individual Garden Maintenance for Vulnerable Tenants

It is important to note that the service charge will only be payable:

- (a) On that proportion of the service which is assessed as not being covered by Supporting People grants from 2003 onwards (and transitional housing benefit in 2002/03 only) and;
- (b) By those persons who are not eligible for relief under the means-test/HB criteria.

14.5 Proposals for Consultation

14.5.1 In the light of the foregoing it is recommended that the City Council now consults with its tenants on the following basis:

- Because like many other Councils we are yet to be absolutely assured that we can introduce the new system in an accurate and dependable manner - but also because there might be a transfer of the housing to Carlisle Housing Association next year - **the Council would not intend to fully introduce the new rent system next year.**
- **Instead the Council is proposing a 'flat-rate' increase for all tenants next year** – just like in previous years - but set to ensure that it meets the Government's requirements. This would mean **a rise of around 4.5% which means an average cash increase of about £1.94 per week.**
- **The Council will work towards bringing in the new system – of individual property-based rent calculations – in full from April 2003.** We would plan to consult with tenants no later than this time next year on the detail of this.
- **The Council's best estimate suggests that looking beyond next year this new system will lead to average rent rises of 1.5% above inflation every year for the next 10 years until we reach the government's target for Carlisle in 2012.**
- The Council has the **option to put new tenants onto the new higher government 'target' rents immediately** (rather than increasing rents gradually until 2012 when they must be in line with the government target - as we would plan to do with all existing tenants).

However the Council does not consider this is either sensible or fair and consequently it is proposing that **new tenants would occupy the same properties at the same rents as existing tenants.**

- The Council proposes to introduce the remaining **service charges [listed above] from April 2003 on the basis of a break-even charge – net of Supporting People contribution** - and subsequently expected to rise by general inflation-only increases.

14.5.2 If accepted by the Executive it is further recommended that the above draft proposals are circulated to all tenants for information and comment with a closing date of 17th January 2002. This will allow any views to be fed into the subsequent budget deliberations at the Executive on 28th January 2002.

15. RECOMMENDATIONS

The Executive is requested to approve the estimates for the purpose of formulating a recommended budget to Council. In particular the Executive is asked to consider the following:

- (i) The level of dwelling rents to be applied in 2002/03.
- (ii) The desired level of year end balances.
- (iii) The rent for garages.

16. REASONS FOR RECOMMENDATIONS

As stated above.

D. THOMAS
City Treasurer

Contact Officer: David Steele

Ext: 7288

City Treasury
Carlisle
10 December 2001
DKS/CH/f1030102

HRA SUMMARY:2002/2003

PREVIOUS
EXPENDITURE
2000/01
£

OBJECTIVE ANALYSIS

ORIGINAL
ESTIMATE
2001/02
£

REVISED
ESTIMATE
2001/02
£

ORIGINAL
ESTIMATE
2002/03
£

EXPENDITURE

ESTABLISHMENT COSTS

1,835,706	MANAGEMENT & SUPPORT SERV	1,848,430	1,882,360	1,726,760
1,932,206	HOUSING PROVISION	2,132,650	2,172,200	2,185,340
5,901,251	TENANCY SERVICES	6,216,550	6,648,440	6,372,460
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9,669,163		10,197,630	10,703,000	10,284,560
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RENT REBATES

9,226,747	STATUTORY PAYMENTS	9,962,490	9,708,100	9,708,100
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9,226,747		9,962,490	9,708,100	9,708,100
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CAPITAL FINANCING COSTS

28,215	LEASING CHARGES	29,390	29,440	29,440
464,343	DEBT-PRINCIPAL	457,620	453,890	420,740
1,886,477	- INTEREST	1,767,480	1,762,380	1,622,000
29,437	-MANAGEMENT	28,080	28,120	34,380
0	DEPRECIATION	3,991,540	3,991,540	3,881,470
90,300	PREMIA COSTS)	90,300	90,300	90,300
-----		-----	-----	-----
2,498,772		6,364,410	6,355,670	6,078,330
-----		-----	-----	-----
0	REVENUE CONT CAPITAL OUTLAY	0	735,800	0
-----		-----	-----	-----
21,394,682	TOTAL EXPENDITURE	26,524,530	27,502,570	26,070,990
-----		-----	-----	-----
3,654,260	BALANCE C/F	1,182,080	2,089,100	1,190,640
-----		-----	-----	-----
25,048,942		27,706,610	29,591,670	27,261,630
=====		=====	=====	=====

HRA SUMMARY:2002/2003

PREVIOUS
EXPENDITURE
2000/01
£

OBJECTIVE ANALYSIS

ORIGINAL
ESTIMATE
2001/02
£

REVISED
ESTIMATE
2001/02
£

ORIGINAL
ESTIMATE
2002/03
£

INCOME

DWELLING RENTS

16,031,158-
286,193

15,744,965-

GROSS RENTS
PROV. FOR BAD DEBTS

16,483,540-
335,300

16,148,240-

16,387,240-
335,300

16,051,940-

16,416,690-
335,300

16,081,390-

OTHER RENTS

74,560-
133,664-
5,223-
11,876-

225,323-

SHOPS
GARAGES
ALLOTMENTS
MISC

76,970-
144,640-
5,250-
9,200-

236,060-

85,320-
142,950-
5,250-
10,600-

244,120-

85,320-
146,260-
5,250-
10,600-

247,430-

FEES & CHARGES

78,410-
9,849-
182,321-
0

270,580-

PDU SURCHARGES
SERVICE CHARGES
CARELINE (PRIVATE)
SUPPORTING PEOPLE CARE CHARGE

83,370-
3,980-
178,780-
109,000-

375,130-

78,310-
2,690-
178,780-
78,500-

338,280-

79,090-
580-
193,420-
78,530-

351,620-

INTEREST

3,050-
210,000-

213,050-

'RTB' MORTGAGES
INVESTMENT INTEREST

3,300-
77,500-

80,800-

2,390-
170,000-

172,390-

2,200-
90,000-

92,200-

MISCELLANEOUS

167,330-
12,415-
486,000-

665,745-

RECHARGE OF STAFF TIME GF,RTB
L'HOLD FLAT SERVICE CHARGES
OTHER

169,820-
12,000-
0

181,820-

198,810-
13,400-
235,000-

447,210-

207,470-
13,700-
0

221,170-

17,119,663-

INCOME C/F TO NEXT PAGE

17,022,050-

17,253,940-

16,993,810-

HRA SUMMARY:2002/2003

PREVIOUS
EXPENDITURE
2000/01
£

OBJECTIVE ANALYSIS

ORIGINAL
ESTIMATE
2001/02
£

REVISED
ESTIMATE
2001/02
£

ORIGINAL
ESTIMATE
2002/03
£

17,119,663-

INCOME B/F FROM PREVIOUS PAGE

17,022,050-

17,253,940-

16,993,810-

CONTRIBUTIONS

4,517,307-
90,063-

GOVERNMENT-HRA SUBSIDY
GEN FUND-AM.AREAS/AR.OFFS

8,894,180-
112,300-

8,570,000-
113,470-

8,060,000-
118,720-

4,607,370-

9,006,480-

8,683,470-

8,178,720-

21,727,033-

TOTAL INCOME

26,028,530-

25,937,410-

25,172,530-

3,321,902-

BALANCE B/F

1,678,080-

3,654,260-

2,089,100-

25,048,935-

27,706,610-

29,591,670-

27,261,630-

HOUSING REVENUE ACCOUNT SERVICES
ANALYSIS OF CHANGES FROM BASE ESTIMATE

	£	£
ORIGINAL BASE ESTIMATE 2001/02		496,000
1. Expenditure Adjustments		
Allowed Changes:		
- Salary Related	21,930	
- Reduction in Energy Costs	(20,980)	
- Other	(7,650)	(6,700)
Volume Changes:		
Rent Rebates (reduction in expenditure)	(254,390)	
Other	(8,740)	(263,130)
2. Income Adjustments		
Volume Changes:		
Housing Subsidy (reduced subsidy receivable)	324,180	
Rents (reduced)	94,700	
Supporting People Care Charges	30,500	
Investment Interest receivable	(92,500)	
Other	(1,770)	355,110
3. Internal Recharge Adjustments		
Decrease in Central Administration charges	(107,780)	
Increase in Central Democratic Process charges	34,080	
Increase /(decrease) in Recharge to Housing General Fund	(28,190)	(101,890)
ADJUSTED BASE ESTIMATE 2001/02		479,390
4. Non Recurring Items		
Budgets b/fwd from 2000/01(per Council 17 July 2001)		1,320,770
DSO Contribution		(235,000)
REVISED ESTIMATE 2001/02		1,565,160

HOUSING REVENUE ACCOUNT SERVICES

	£	£	£
ADJUSTED BASE ESTIMATE 2001/02			479,390
5. Adjustments approved by Committee/Officers To Date			
Non Recurring New Policy Initiatives			
- Resource Accounting		(25,000)	
- Supporting People		(6,300)	(31,300)
6. Expenditure Adjustments			
Allowed Changes			
- Salary related changes		48,510	
- Reduction in budget provision re sale of ex Area Offices		(25,950)	22,560
Inflation Provision			
- General		161,840	
- Salary related		83,990	245,830
Volume Changes:			
Depreciation (reduced charge)		(110,070)	
Debt Costs		(167,270)	(277,340)
7. Internal Recharge Adjustments			
Increase /(decrease) in Central Administration charges		(54,650)	
Other (net)		(5,510)	(60,160)
8. Income Adjustments			
Corporate Charging Target			(33,690)
Volume Changes:			
Housing Subsidy (reduced subsidy receivable)		510,000	
Investment Interest receivable (reduced income)		80,190	
Rents: Loss of Rent (Right to Buy etc)	309,340		
Offset by Additional Rent (53 rent weeks)	(338,790)	(29,450)	
Other		(7,570)	553,170
BASE ESTIMATE 2002/03			898,460

