

REPORT TO EXECUTIVE			
PORTFOLIO AREA: FINANCE AND RESOURCES			
Date of Meeting:	19 December 2002		
Public			
Key Decision:	Yes	Recorded in Forward Plan:	Yes
Inside Policy Framework			

Title: HOUSING REVENUE ACCOUNT (HRA) REVISED REVENUE ESTIMATES 2002/03 (TO 8 DECEMBER 2002)

Report of: THE HEAD OF FINANCE

Report reference: FS.3/02

Summary:

This report considers the HRA revised revenue estimates for 2002/03 to 8 December 2002. i.e. the final date of City Council ownership of its housing stock. A report on HRA final outturn will be submitted as part of the closure of accounts process.

Recommendations:

It is recommended that the Executive approves the revised HRA revenue outturn for 2002/03 and notes at this stage the estimated HRA balance at the time of transfer of £3.027m.

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 Final HRA Subsidy Determinations (issued 19 Dec 2001); Sundry City Treasury Working Papers.

CITY OF CARLISLE

To: The Executive

19 December 2002 FS.3/02

HOUSING REVENUE ACCOUNT (HRA) REVISED REVENUE ESTIMATES 2002/03
(TO 8 DECEMBER 2002)

1. INTRODUCTION

1.1 This report summarises the revised revenue estimates for the Housing Revenue Account (HRA) to 8 December 2002. 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 2002/03 can be found at Appendix "A1".

<u>2001/02</u>		<u>2002/03</u>	<u>2002/03</u>
<u>Actual</u>		<u>Original</u>	<u>Revised</u>
<u>£000</u>		<u>£000</u>	<u>To 8 Dec 2002</u>
			<u>£000</u>

32,680	Expenditure	26,508	19,098
33,423	Income	26,107	17,728
(743)	Deficit/(Surplus) In Year	401	1,370
3,654	Balance b/fwd	2,106	4,397
4,397	Balance c/fwd	1,705	3,027

2. LARGE SCALE VOLUNTARY TRANSFER (LSVT)

1. The LSVT of the City Council's housing stock took place on 9th December 2002 and the revised estimates show the estimated HRA balance as at that date.

3. ESTIMATE ASSUMPTIONS

1. The estimates set out in this report therefore reflect only expenditure to be incurred and income to be due from 1 April 2002 to 8 December 2002. Thereafter the City Council's direct responsibility for the provision of social housing and ancillary services as reflected in the HRA has passed to CHA. The City Council will nevertheless retain a strategic role for housing provision in its area as well as for services such as homelessness. The City Council will also continue to provide its hostel accommodation at least for the time being. Estimates for the costs of these services will be included as part of the General Fund revenue estimates which are due to be considered elsewhere on the agenda.
2. Many of the original HRA budgets were apportioned on a daily pro-rata basis to 8 December 2002. However a more detailed exercise was undertaken in respect of those items where expenditure does not necessarily fall evenly throughout the year. This includes the provisions for repair and maintenance where it was necessary to make an informed judgement as to the level of expenditure that will be incurred up to transfer day. However, it will still be some time, as at the end of the normal financial year, before the final outturn for 2002/03 is known.

4. PROVISIONAL HRA REVENUE OUTTURN 2002/03

1. Since this report was originally presented to the Executive on 28 October 2002, the estimated closing balance has been revised downwards from the original figure of £3.163m to £3.027m. The reason for this was set out in the reports to the Council meeting on 3 December 2002 and relates to the revenue contribution to capital (£136,000). The pension fund contribution of £200,000 that was also approved at Council was not required as part of the transfer settlement.
2. The revised estimates as presented therefore indicate a provisional outturn for the HRA balance as at 8 December 2002 of approximately £3.027m. This compares with a balance at transfer of £1.6m that the Council has always been advised would be the minimum required to support the additional costs of Housing Benefit that will be borne by the General Fund for the next three years. The final balance will not be known for some time after December 2002 and indeed the final HRA subsidy claim for 2002/03 will not be submitted until the autumn of 2003. However the final HRA balance should be well in excess of the £1.6m minimum target referred to earlier.

5. PROVISIONAL HRA CAPITAL OUTTURN 2002/03

1. As part of the process of assessing the level of repairs expenditure to be incurred in 2002/03, a similar exercise was undertaken in respect of the outstanding capital commitments to be incurred up to 8 December 2002. This issue was explored more fully in the City Treasurer's report to Council on 3rd December 2002 (FM 2002/03 No 88) which agreed a total Public Sector HIP in 2002/03 of £5.524m. This sum (including commitments to be met post transfer) will be funded as follows:

£000's

Borrowing 818

Capital Receipts 875

Major Repairs Allowance / Reserve 3,695

Revenue Contribution 136

5,524

6. CLOSURE OF THE HRA

- 1. Even though the transfer of the housing stock to CHA is due on 9 December 2002, ODPM rules state that an authority's HRA must remain open for a full financial year following the transfer. This enables any outstanding subsidy issues to be dealt with in 2003/04 or indeed any other post transfer adjustments. This means that formal closure of the HRA and the transfer of any outstanding balance to the General Fund cannot take place before 31 March 2004.

7. STAFFING/RESOURCES COMMENTS

Not applicable.

8. HEAD OF FINANCE'S COMMENTS

Included within the report.

9. LEGAL COMMENTS

Not applicable.

10. CORPORATE COMMENTS

Not applicable.

11. RECOMMENDATIONS

- 11.1 It is recommended that the Executive approves the revised HRA revenue outturn for 2002/03 and notes at this stage the estimated HRA balance at the time of transfer of £3.027m.

12. REASONS FOR RECOMMENDATIONS

As stated above.

ANGELA BROWN

Head of Finance

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City Treasury

Carlisle

10 December 2002

DKS/CH/FS.3/02

£	<u>OBJECTIVE ANALYSIS</u>	£	£
	<u>EXPENDITURE</u>		
	<u>ESTABLISHMENT COSTS</u>		
1,869,096	MANAGEMENT & SUPPORT SERVICES	1,823,630	1,524,410
1,969,544	HOUSING PROVISION	2,147,290	1,352,640
5,796,503	TENANCY SERVICES	6,372,460	4,847,510
<u>9,635,143</u>		<u>10,343,380</u>	<u>7,724,560</u>
	<u>RENT REBATES</u>		
9,074,250	STATUTORY PAYMENTS	10,144,960	6,977,470
<u>9,074,250</u>		<u>10,144,960</u>	<u>6,977,470</u>
	<u>CAPITAL FINANCING COSTS</u>		
28,441	LEASING CHARGES	29,440	19,800
453,894	DEBT - PRINCIPAL	420,740	408,170
1,732,194	- INTEREST	1,622,000	1,078,930
27,889	- MANAGEMENT	34,380	29,350
3,991,540	DEPRECIATION	3,881,470	2,679,810
79,926	PREMIA COSTS	90,300	44,370
<u>6,313,884</u>		<u>6,078,330</u>	<u>4,260,430</u>
0	REVENUE CONTRIBUTION TO CAPITAL OUTLAY	0	136,000
<u>25,023,277</u>	TOTAL EXPENDITURE	<u>26,566,670</u>	<u>19,098,460</u>
4,397,383	BALANCE C / F	1,705,360	3,027,500
<u>29,420,660</u>		<u>28,272,030</u>	<u>22,125,960</u>

INCOME			
<u>DWELLING RENTS</u>			
-16,364,493	GROSS RENTS	-16,854,690	-11,418,690
353,700	PROVISION FOR BAD DEBTS	335,300	160,000
<u>-16,010,793</u>		<u>-16,519,390</u>	<u>-11,258,690</u>
<u>OTHER RENTS</u>			
-73,467	SHOPS	-85,320	-50,340
-143,047	GARAGES	-152,860	-103,060
-5,171	ALLOTMENTS	-5,250	-3,500
-11,936	MISCELLANEOUS	-10,600	-7,320
<u>-233,621</u>		<u>-254,030</u>	<u>-164,220</u>
<u>FEES & CHARGES</u>			
-79,831	PDU SURCHARGES	-84,720	-53,970
-8,429	SERVICE CHARGES	-580	-490
-252,620	CARELINE (PRIVATE)	-252,240	-174,620
-78,896	SUPPORTING PEOPLE CARE CHARGE	-78,530	-74,170
<u>-419,776</u>		<u>-416,070</u>	<u>-303,250</u>
INTEREST			
-2,604	RTB' MORTGAGES	-2,200	-1,520
-224,300	INVESTMENT INTEREST	-90,000	-131,200
<u>-226,904</u>		<u>-92,200</u>	<u>-132,720</u>
<u>MISCELLANEOUS</u>			
-215,700	RECHARGE OF STAFF TIME GF, RTB	-225,070	-155,820
-13,665	LEASEHOLD FLAT SERVICE CHARGES	-13,700	-9,490
-618,000	OTHER	0	-200,000
<u>-847,365</u>		<u>-238,770</u>	<u>-365,310</u>
-17,738,459	INCOME C / F TO NEXT PAGE	-17,520,460	-12,224,190

HRA SUMMARY: 2002/2003 REVISED TO 8TH DECEMBER 2002 (LSVT TRANSFER DATE)

OUTTURN 2001/02 £	OBJECTIVE ANALYSIS	ORIGINAL ESTIMATE 2002/03 £	REVISED ESTIMATE To 8th Dec 2002 £
-17,738,459	INCOME B / F FROM PREVIOUS PAGE	-17,520,460	-12,224,190
	<u>CONTRIBUTIONS</u>		
-7,922,172	GOVERNMENT SUBSIDY	-8,526,860	-5,420,000
-105,769	GENERAL FUND - AMENITY AREAS / AREA OFFICES	-118,720	-84,390
<u>-8,027,941</u>		<u>-8,645,580</u>	<u>-5,504,390</u>
-25,766,400	TOTAL INCOME	-26,166,040	-17,728,580
-3,654,260	BALANCE B / F	-2,105,990	-4,397,380
<u>-29,420,660</u>		<u>-28,272,030</u>	<u>-22,125,960</u>

ANALYSIS OF CHANGES FROM BASE ESTIMATE

	£	£
ORIGINAL BASE ESTIMATE 2002/03		400,630
1.Expenditure Adjustments		
Allowed Changes:		
- Salary Related	11,800	
Volume Changes:		
Employees	(805,850)	
Insurances	(107,090)	
Repairs	(2,095,320)	
Supplies and Services and Transport	(246,680)	
Rent Rebates (reduction in expenditure)	(3,167,490)	
Capital Costs	(1,817,900)	
Debt Charges Interest	(5,100)	
Other	<u>(7,570)</u>	(8,253,000)
2. Income Adjustments		
Volume Changes:		
Housing Subsidy (reduced subsidy receivable)	3,106,860	
Investment Interest receivable	(40,520)	
Rents (net of bad debt provision)	5,350,510	
Reduced Recharges to Gen Fund	101,210	
Sundry Fees and Charges	112,820	
		8,630,880
3. Internal Recharge Adjustments		
Increase /(decrease) in Central Administration charges	(280,180)	
Increase /(decrease) in Recharge to Housing General Fund	<u>(28,190)</u>	(308,370)
ADJUSTED BASE ESTIMATE 2002/03		470,140
4. Non Recurring Items		
Budgets b/fwd from 2001/02(per Council 16 July 2002)		1,484,420
RCCO not required		(384,680)
DSO Contribution		(200,000)
REVISED ESTIMATE 2002/03		1,369,880