Report To:	CABINET	**Date:**	20^{TH} FEBRUARY 2017
Heading:	HOUSING REVENUE ACCOUNT (HRA) BUDGETS (REVISED 2016/17 AND 2017/18)		
Portfolio Holder:	CLLR JACKIE JAMES – CORPORATE SERVICES		
Ward/s:			
Key Decision:	YES		
Subject To Call-In:	YES		

Purpose Of Report

To present for consideration the Housing Revenue Account (HRA) Revised Estimate for 2016/17 and Original Estimate for 2017/18.

Recommendation(s)

To agree the budgets for the HRA for 2016/17 (Revised) and 2017/18.

That Members note that due to the Housing and Planning Act, the budget may require an amendment during 2017/18 once an implementation date has been set for requirements of the Act in respect of 'Sale of Higher Value Council Stock'.

To set an average rent decrease of 1% for all council house rents for 2017/18.

To set a garage rent increase of 2% for 2017/18.

To leave communal heating charges at the current rate for 2017/18.

To approve a policy of moving to formula rent at the point of re-let following vacancy from 3^{rd} April 2017.

To approve the addition to the core rent of the estate based service charges on new build properties.

Reasons For Recommendation(s)

To approve the budgets for the HRA for 2016/17 (Revised) and 2017/18 to allow operation of the service within financial limits.

To set a 1% rent decrease as detailed in Section 23 – 33 of the Welfare Reform and Work Act 2016.

Alternative Options Considered (With Reasons Why Not Adopted)

To not approve the budgets and refer for further consideration.

There are no other options with regards to rent setting, to not set the rents as per the prescribed reduction would be contrary to legislation.

Detailed Information

Local housing authorities are required by Section 74 of the Local Government and Housing Act 1989 (the 1989 Act) to keep a Housing Revenue Account (HRA). The HRA reflects a statutory obligation to account separately for local authority housing provision. It identifies the major elements of housing revenue expenditure such as maintenance, administration, and contributions to capital costs and how these are funded, mainly being by housing rent.

2016/17 Revised Budget

The original budget for 2016/17 had a net expenditure of £1.837m, this was revised by £48k to £1.885m as a result of transferring budgets back from AHL. The post AHL transfer budget was reported to Cabinet on 24th November 2016. There has been a significant change to the composition of the HRA budgets following the decision to bring the management of the housing stock back into the Council from 1st October 2016. The management fee that had previously been paid to Ashfield Homes Ltd (AHL) is now reflected in more detailed service budgets contained in the overall HRA budget.

Thereafter there has not been a full revision of the budget for 2016/17, however there have been some changes after November 2016 as follows:

- Changes to the Capital Programme which has reduced the value to be contributed from the revenue account by £1.971m. There was a net reduction of £269k to the HRA contribution to Capital in October 2016 when the Capital Programme was refreshed. The February revision to the Capital Programme has resulted in a further reduction in the HRA contribution by £1.702m. This includes a reduction in expenditure of £399k and an increase in the use of Capital Receipts of £1.303m of which, £514k is for the use of 1-4-1 receipts that can be applied to the Capital Programme retrospectively to account for new build expenditure previously incurred for Brook Street, Darlison Court and the Empty Homes Project. There is also an increase of £789k for non 1-4-1 receipts that can be used to fund Decent Homes work (the Major Repairs Reserve). There will be a new stock condition survey in 2017/18 which, once complete, will inform the future requirements of the Major Repairs Reserve.
- Additional temporary resources for Financial Management Team reporting post Company
- Additional temporary resources for Performance Improvement Team to support for Service Reviews.

These now need to be reflected in the HRA budgets and result in a revised net income position of £65k for 2016/17.

2017/18 Original Budget

From 1st April 2017, the HRA now contains full year budgets for the new housing management services within the Council. The overall HRA budget for 2017/18 has reduced from a net income of £65k to a net income of £380k, a reduction of £315k. A reconciliation of the variances are shown in Appendix 1. The main variances are as follows:

- Employee Expenses have increased by £113k, this is mainly due to changes in superannuation back funding and superannuation employer contribution rates. The employer superannuation contributions have increased by £155k, AHL had a contribution rate of 10.5% until October 2016/17 when it increased to the Council rate of 12.3% (as the staff were all now employees of the Council), which has now increased to 14.4% in 2017/18. The rate has increased due to the outcome of the Actuary Triennial Review, not as a consequence of bringing the Company back in-house. The overall superannuation backfunding direct to services has increased by £49k. This also includes the 1% pay award, net of the 3% vacancy factor for the new housing management services, which has a net reduction of £91k.

- Budgets totalling circa £430k have not been created in 2017/18. This is mainly due to no longer requiring budgets for the AHL Management Team. Budgets have not been required for some support services however where this is the case, budgets have transferred to the General Fund as part of amalgamating teams and then recharged back to the HRA albeit at a lower level.

- As part of the Stock Options Review, the Council forecast £300k savings to the HRA upon transfer. In addition to pay reductions as discussed above, further budgets (over and above those identified in the initial review) have also been identified which are no longer required. Examples include subscriptions, employee conference, board member costs and software costs totalling £118k.

- The Supported Housing function from AHL has been included in the transfer of housing management to the Council but it has been moved from the HRA to the General Fund. This is because there is now a higher proportion of private customers using the service than ADC tenants. There is no change in the position regarding the service being self-funding and any surpluses or losses will be supported by an Earmarked Reserve which will transfer from AHL when the Company ceases to be.

- The budget for rental income from tenants is reduced by £537k in 2017/18, this is as a result of the 1% rent reduction, as well as loss of properties through Right to Buy. The Council had sold 36 properties as the 31st January 2017, against an average of 46 per year. Included within the rental income change is an increase of £91k for rebasing the rents on re-let (see further details in this report).

- Recharges from the General Fund include an increase of £164k. This is from the Corporate Leadership Team to reflect the increase in responsibility for the HRA following the return of the housing management function as well as recharges from support functions who have been amalgamated into the existing Council Functions.

- The Capital Programme has reduced from the revised budget by £194k which reflects a reduction of £381k in the programme of works and a £187k reduction in the use of Capital Receipts.

- The remaining budget reduction of £267k comprises of several smaller variances with the main changes as follows:

- £24k increase in income for Renewable Heat Incentives (RHI).
- £43k increase in income from District Heating (inclusion of Darlison Court).
- £35k reduction in Council Tax due to the previous budget being too high.
- £17k reduction in employee expenses to correct the budget for a Caretaker.
- £45k reduction in one off expenditure in 2016/17 for Environmental Improvements and Welfare Reform.
- £21k reduction in Item 8 debit interest, due to the refinancing of a loan, at a lower interest rate.
- £18k reduction in Supported Housing contribution for protected credits due to a reduction in users.
- £49k reduction overall in insurance costs.
- £20k increase for the Stock Condition Survey.
- £22k increase in Bank Charges.
- £10k increase for Agency Staff for the closedown of the Accounts.
- £20k reduction for depreciation of former AHL Assets.
- £25k reduction for Legionella Testing.
- £22k reduction for Temporary Accommodation voids works.

Rent Setting

Under the self-financing regime, operational since 1 April 2012, landlord services are funded almost entirely from rents collected. The amount to be collected in rents has been impacted upon by the new legislation introduced under the Welfare Reform and Work Act 2016. With effect from April 2016 Sections 23-33 of the Act requires social housing rents to be reduced by 1% a year for 4 years from a frozen 2015/16 base line, 2017/18 will be the 2nd year of the reduction, which includes both social rents and affordable rents.

The future of rent increases is uncertain when the current policy comes to an end in 2019/20. There is no indication as to whether rents will be allowed to rise, be frozen or continue to be reduced. The impact of a further 1% rent reduction in 2020/21 would be approximately £230k per year or notionally £690k per year if rents could be increased by 2% in that year. If rent reduction continues ways of increasing income need to be explored. One way to mitigate against this uncertainty is to move (or ‘rebase) the rent charged to formula rent (also known as target rent) on re-let following vacancy. This is a system currently used by other authorities and is transparent to potential tenants.

When a property becomes vacant the rent will move from the current level charged up to the Government defined formula rent (these have also been reduced by 1% as per Government legislation). This will result in an uplift of approximately £3.50 per week and will generate an additional £91k per annum for the Council, based on around 500 properties being re-let each year.

This will not affect any existing tenants who stay in their current homes, and any new tenants will still benefit from the remainder of the 1% rent reduction for the duration of the policy.

It is important to note that even with the additional uplift in rent, the uplift remains fully eligible for housing benefit as rents across the district remain comfortably under the Local Housing Allowance (LHA) rate. Approximately 70% of Council tenants are in receipt of some form of assistance from housing benefit.

The process is transparent to new tenants as they will be aware of the rent being charged before they take on the property. It is progressive in that it will take around 10 to 15 years to implement the increase across the stock based on the current turn-over of properties.

Service Charge on New Build Properties

It is now common on new build estates for each property to attract a small service charge in order to maintain various aspects of the estate which exist outside of private curtilage. Commonly these would be areas of open land or various requirements of planning such as balancing ponds to off-set rain water run off or flood risk.

It is likely that the Council will, over the course of time, acquire additional new build properties from the HRA Reserves or expending various Right to Buy, capital receipts and/or commuted sums.

The Council does not have a policy on what to do in circumstances where such service charges are levied and current custom and practice would show that service charges have not always been applied.

The HRA should seek to maximise its income rather than try to absorb the additional costs being placed upon it by Developers; and also as raised previously the principle of passing on the service charge is common practice within Social Housing and is transparent to the customer as the costs are known before the tenancy is signed.

An example of this is the Persimmon Properties in Hucknall, for these properties the cost is £5.20 per week (£250 per year over 48 weeks). Such is the demand for properties in Hucknall this will not affect the ability to rent the properties. Equally there is a question around the overall viability of the scheme should the rents effectively be lowered by £5.20 per week in order to 'absorb' the charge.

Garage Rents

Occupancy in garages has remained stable over the last year. There is little demand for those garages that are currently empty. The garages that are currently occupied have a higher demand, with some areas operating a waiting list. It is recommended that the garage rents are increased by 2% for 2017/18 (September 2016 CPI 1% plus 1%) which will generate an additional income of £3.1k. The new rents will be as shown in the table below.

	Rents 2016/17 £	**Rents 2017/18 £**	**Increase £**
Garages			
Band A	5.83	5.95	0.12
Band B	6.52	6.65	0.13
Band C	7.22	7.37	0.14
Plots			
Band A	0.85	0.85	0.00
Band B	1.00	1.00	0.00

Communal Heating Charges (District Heating)

The charges for communal heating were increased in 2015/16 to reflect increases in costs. A review of the communal heating charges in 2016/17 has been carried out and it is recommended that the charge for 2017/18 be held at the same level as 2015/16. Users of communal heating pay a weekly charge designed to cover the cost to the Council for providing this heating.

A further review will be carried out at the end of the year and if there is a material over recovery either this will be refunded to tenants or future charges will be reduced.

Rent Rebate Subsidy Limitation (RRSL)

RRSL is the charge to the HRA for rent rebates where the actual rent is higher than the limit rent set by the Department of Communities and Local Government (DCLG) for housing benefit purposes. This charge compensates for the reduction to the housing benefit subsidy in the General Fund.

The data for 2017/18 limit rents has now been released by DCLG. This forecasts that the actual rent will not exceed the limit rent in 2017/18 so no charge to the HRA has been forecast. However, the 2017/18 average rent figure of £67.35 is getting closer to the rate for 2017/18 at £68.78. This will continue to be monitored and there may be a cost to the HRA in future years.

Major Repairs to the Housing Stock

The Major Repairs Reserve (MRR) is utilised to fund the capital expenditure required to maintain the Council’s housing stock. The cost of this investment is derived from a 30 year stock condition survey which was completed in 2015/16.

The MRR receives a contribution from the depreciation provision and allowable capital grants/receipts are also utilised. Any shortfall in funding is then made up from the HRA.

The original estimate for 2016/17 forecast a contribution from the HRA of £6.2m which has been rescheduled to £5.9m then reduced in 2017/18 to £4.6m. There has been an increase in the depreciation charge from 2017/18 onwards due to a change in the adjustment factor from 34% to 42%, which results in a higher value per property, and in turn a higher charge for depreciation.

Social Housing Developments

The Council in its role as landlord has been continuing new build developments in 2016/17.

Darlison Court in Hucknall is now complete providing 39 1 and 2 bedroom apartments for the over 60’s, occupancy began in June 2016. The direct revenue contribution from the HRA towards this scheme as at 31st March 2016 was £6.537m with a further budget in 2016/17 and 2017/18 of £471k for slippage and retention payments.

The Council is continuing to explore new ways to invest in Council Houses. This is outlined in an exempt report on Council House Investment (also on this agenda).

There have been revisions to the Capital Programme to be funded from the HRA, which is discussed in the Cabinet Report on this agenda.

Capital Financing Costs

The interest cost for the HRA is calculated by applying the Item 8 Determination as prescribed by DCLG in the Self Financing Determination issued in 2012. The consolidated rate of interest is applied to the debt attributed to the HRA to arrive at an interest cost.

Welfare Reform and Work Act

The Council has a housing stock of 6,763 properties plus 20 at affordable rent levels. The budget for rental income 2017/18 has reduced by £628k as a result of the 1% rent reduction and the loss of properties under the Right to Buy Scheme (36 have been sold since 1st April 2016).

The benefit cap for 2016/17 was reduced from £26k down to £20k in November 2016 as part of the Welfare Reform and Work Act. There are now approximately 120 people across the district who have been affected by the benefit cap overall.

The implementation of Universal Credit is now underway in Ashfield with 104 claimants as at 1st January 2017. 75 of these are Council tenants and 56 are in some level of rent arrears, however 44 of these were already in arrears before claiming Universal Credit. The bad debt provision for 2017/18 has only increased by £2k for 2017/18 due to increased collection rates in 2016/17 as a result of tightening up of rent collection procedures. However, the bad debt provision will continue to be monitored closely further to the expansion of Universal Credit.

Housing and Planning Act

There were originally 2 elements of the Housing and Planning Act that would impact on the HRA .The key areas were:

- Extension of the Right to Buy Scheme and the sale of high value Council homes.
- High income social tenants (also known as 'Pay to Stay').

In November 2016 it was announced that the Government would no longer make it compulsory for an increase in rents for high income social tenants (income over £31k). Also, another part of the Act will end the right of social housing tenants to have a lifetime (secure) tenancy. These will be phased out gradually and all new tenants from Autumn 2017 will be offered fixed term tenancies of up to 5 years (there will be some exceptions for vulnerable tenants or those with children). These new tenancies will need to be reviewed at the end of the tenancy period and may or may not be renewed for another 5 year period. One aim of the review will be to assess whether the tenant is now able to leave social housing as their circumstances have improved. The policy change could have implication on the HRA in future years as it could cause a higher turnover of void properties.

There has also been a delay in the implementation of the sale of high value council homes and the associated levy that will be imposed. As reported last year, the Council will be required to consider the sale of high value council properties when they become vacant to fund the discounts given to the housing association tenants as part of the extension of Right to Buy scheme to Housing Associations. Further information on the levy to be imposed has been delayed until Autumn 2017 due to some difficulties with the scheme that have arisen from 5 pilots that have been ongoing in London. It is understood that the levy will not be imposed until 2017/18 at the earliest, the value of this levy remains unknown and will require a further report to revise the 2017/18 budget when any costs are identified.

Earmarked Reserves

The HRA has three earmarked Reserves as shown below.

Movement on Earmarked Reserves	Balance as at 1st April 2016/17 £	Revised Budget 2016/17 £	Balance as at 31st March 2017 £	Original Budget 2017/18 £	Balance as at 31st March 2018 £
Revenue Grants Reserve	24,830	0	24,830	0	24,830
Eco Funding Reserve	224,565	0	224,565	0	224,565
Insurance Reserve	50,000	50,000	100,000	50,000	150,000
Total	**299,395**	**50,000**	**349,395**	**50,000**	**399,395**

The HRA revenue grant reserve comprises of £19k towards the costs of Welfare Reform and the remaining £6k for work undertaken in completing additional housing returns.

In 2015/16 the Council received £225k of Eco-Funding (Energy Company Obligation funding) as a result of completing carbon saving works to Sherwood Court (the Biomass Boiler and External Wall Insulation). This has been put in an earmarked reserve to help fund future carbon saving or renewable energy works. This value approximately offset the extra cost of installing renewable heat over conventional gas boilers. As a result of these works, the HRA also receives Renewable Heat Incentive (RHI) funding over the next 20 years which has been added to the budget from 2017/18.

The HRA insurance reserve was established to fund any damage to the Council's housing stock. The Council currently only externally insures Council dwellings if they are in blocks of five or above. Any claims for damage to dwellings which are not externally insured are funded from the Council's self-insurance fund. The self-insurance fund has previously been funded from the General Fund contributions only. All new claims for housing stock damages will be made against the new HRA insurance reserve which will be topped up by £50k per annum for the financial years 2016/17 through to 2020/21.

Housing Revenue Account 2016/17 Revised Estimate and 2017 Original Budget

The main elements of the HRA have been discussed within this report and reflected in the Summary HRA Budget proposed for approval.

Summary Budget for Housing Revenue Account	2016/17 Original Budget £	2016/17 Original Budget post AHL transfer £	2016/17 Revised Budget £	2017/18 Original Budget £
Division				
Housing Revenue Account - Ashfield Homes Directorate	**0**	**4,091,478**	**4,091,478**	**10,188,958**
Courts Costs	0	462,152	462,152	986,670
Tenancy Services and Housing Management	0	494,165	494,165	1,274,180
Lettings	0	192,455	192,455	664,696
Technical Services Management	0	-396,740	-396,740	-729,270
Technical Services Responsive and Void Management	0	1,778,515	1,778,515	3,702,500
Technical Services Support Services	0	363,690	363,690	1,022,364
Technical Services Planned and Cyclical	0	1,369,760	1,369,760	3,065,654
Procurement	0	10,065	10,065	50,051
DLO	0	7,148	7,148	152,109
Rent Accounting	0	15,769	15,769	4
Brook Street Office	0	-205,501	-205,501	0
Housing Revenue Account - Other Income and Expenditure	**1,837,254**	**-2,205,599**	**-4,156,399**	**-10,569,365**
Dwelling Rents	-23,993,150	-23,987,900	-23,987,900	-23,456,310
Other Income	-448,710	-330,830	-330,830	-415,430
Internal Interest	-67,880	-67,880	-67,880	-58,680
Capital Costs	13,648,600	13,648,600	11,677,600	11,462,530
Management Fee	10,373,799	5,272,971	5,272,971	0
Other Expenditure (inc Recharges)	2,171,485	3,133,830	3,154,030	1,772,162
Temporary Accommodation	41,620	14,120	14,120	-11,920
Community Centres	111,490	111,490	111,490	138,283
Total	**1,837,254**	**1,885,879**	**-64,921**	**-380,407**
Subjective Analysis				
Employee Expenses	375,330	3,769,835	3,779,835	7,003,807
Premises Expenses	850,840	3,777,132	3,777,132	7,048,289
Transport Related Expenses	5,040	232,410	232,410	470,256
Supplies & Services	10,582,964	6,571,127	6,581,327	1,817,640
Transfer Payments	0	0	0	0
Income	-24,500,560	-27,365,470	-27,365,470	-29,944,190
Sub Total Excluding Capital Financing Costs & Central Recharges	**-12,686,386**	**-13,014,966**	**-12,994,766**	**-13,604,198**
Capital Financing Costs	13,652,660	13,652,660	11,681,660	11,467,170
Central & Dept Recharges In	870,980	2,028,655	2,028,655	4,340,361
Central & Dept Recharges Out	0	-780,470	-780,470	-2,583,740
Total	**1,837,254**	**1,885,879**	**-64,921**	**-380,407**
		0		
Net Operating Expenditure				
Less Adjusting Capital Entries	-13,648,600	-13,648,600	-11,677,600	-11,462,530
Total Net Operating Expenditure after Adjusting Capital Entries	**-11,811,346**	**-11,762,721**	**-11,742,521**	**-11,842,937**
Borrowing and Capital Financing Costs				
Interest Payable and Other Charges	0	0	0	0
Item 8 Contribution	3,563,600	3,563,600	3,563,600	3,542,530
Depreciation	2,360,260	2,360,260	2,360,260	3,397,130
Direct Revenue Financing of Capital	7,724,740	7,724,740	5,753,740	4,522,870
Total Borrowing and Capital Financing Costs	**13,648,600**	**13,648,600**	**11,677,600**	**11,462,530**
Net Expenditure to be Financed from Housing Revenue Account	**1,837,254**	**1,885,879**	**-64,921**	**-380,407**
Net Deficit/ (Surplus) before movement from/(to) Reserves	**1,837,254**	**1,885,879**	**-64,921**	**-380,407**
Housing Revenue Account				
Balance Brought Forward	-21,967,700	-21,967,700	-21,967,700	-22,482,621
AHL Reserves Tranferring Back to HRA	0	0	-500,000	0
In year (Surplus)/Deficit	1,837,254	1,885,879	-64,921	-380,407
Transfer to/(from) Earmarked Reserves	50,000	50,000	50,000	50,000
Balance Carried Forward	**-20,080,446**	**-20,031,821**	**-22,482,621**	**-22,813,028**

HRA Business Plan 2016/17 to 2020/21

The HRA Business Plan for the next five years shown below has been updated to include the revised estimate for 2016/17 and original budget 2017/18. The average expenditure for the 5 year period is £1.6m, however the 30 year business plan shows that this increases to an average expenditure of £2.2m from 2021/22.

An estimation has also been made of the reserves to be returned from Ashfield Homes Ltd of £500k. This cannot be finalised until the Company is wound up.

Summary Budget for Housing Revenue Account	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £
Division					
Housing Revenue Account - Ashfield Homes Directorate	**4,091,478**	**10,188,958**	**10,290,848**	**10,393,756**	**10,601,631**
Courts Costs	462,152	986,670	996,537	1,006,502	1,026,632
Tenancy Services and Housing Management	494,165	1,274,180	1,286,922	1,299,791	1,325,787
Lettings	192,455	664,696	671,343	678,056	691,618
Technical Services Management	-396,740	-729,270	-736,563	-743,928	-758,807
Technical Services Responsive and Void Management	1,778,515	3,702,500	3,739,525	3,776,920	3,852,459
Technical Services Support Services	363,690	1,022,364	1,032,588	1,042,914	1,063,772
Technical Services Planned and Cyclical	1,369,760	3,065,654	3,096,311	3,127,274	3,189,819
Procurement	10,065	50,051	50,552	51,057	52,078
DLO	7,148	152,109	153,630	155,166	158,270
Rent Accounting	15,769	4	4	4	4
Brook Street Office	-205,501	0	0	0	0
Housing Revenue Account - Other Income and Expenditure	**-4,156,399**	**-10,569,365**	**-7,912,584**	**-8,987,425**	**-9,618,616**
Dwelling Rents	-23,987,900	-23,456,310	-23,133,970	-22,748,600	-23,046,460
Other Income	-330,830	-415,430	-469,827	-472,928	-484,048
Internal Interest	-67,880	-58,680	-44,570	-40,580	-38,010
Capital Costs	11,677,600	11,462,530	13,646,631	12,166,672	11,802,754
Management Fee	5,272,971	0	0	0	0
Bad Debt Provision	159,670	162,100	205,660	210,120	214,680
Other Expenditure (inc Recharges)	3,154,030	1,772,162	1,712,177	1,728,488	1,763,058
Temporary Accommodation	14,120	-11,920	14,141	15,092	15,394
Community Centres	111,490	138,283	112,605	113,731	116,006
Total	**-64,921**	**-380,407**	**2,378,264**	**1,406,331**	**983,015**
Net Operating Expenditure					
Less Adjusting Capital Entries	-11,677,600	-11,462,530	-13,642,530	-12,162,530	-11,798,530
Total Net Operating Expenditure after Adjusting Capital Entries	**-11,742,521**	**-11,842,937**	**-11,264,266**	**-10,756,199**	**-10,815,515**
Borrowing and Capital Financing Costs					
Interest Payable and Other Charges	0	0	0	0	0
Item 8 Contribution	3,563,600	3,542,530	3,542,530	3,542,530	3,542,530
Depreciation	2,360,260	3,397,130	3,371,835	3,346,540	3,321,245
Direct Revenue Financing of Capital	5,753,740	4,522,870	6,728,165	5,273,460	4,934,755
Total Borrowing and Capital Financing Costs	**11,677,600**	**11,462,530**	**13,642,530**	**12,162,530**	**11,798,530**
Net Expenditure to be Financed from Housing Revenue Account	**-64,921**	**-380,407**	**2,378,264**	**1,406,331**	**983,015**
Net Deficit/ (Surplus) before movement from/(to) Reserves	**-64,921**	**-380,407**	**2,378,264**	**1,406,331**	**983,015**
Housing Revenue Account Reserve					
Balance Brought Forward	-21,967,700	-22,482,621	-22,813,028	-20,384,764	-18,928,433
AHL Reserves Tranferring Back to HRA	-500,000	0	0	0	0
In year (Surplus)/Deficit	-64,921	-380,407	2,378,264	1,406,331	983,015
Transfer to/(from) Earmarked Reserves	50,000	50,000	50,000	50,000	0
Balance Carried Forward	**-22,482,621**	**-22,813,028**	**-20,384,764**	**-18,928,433**	**-17,945,418**
HRA Earmarked Reserves					
Balance Brought Forward	-299,395	-349,395	-399,395	-449,395	-499,395
Transfer to/(from) Earmarked Reserves	-50,000	-50,000	-50,000	-50,000	0
Balance Carried Forward	**-349,395**	**-399,395**	**-449,395**	**-499,395**	**-499,395**
TOTAL RESERVES	**-22,832,016**	**-23,212,423**	**-20,834,159**	**-19,427,828**	**-18,444,813**

Corporate Plan:

The financial position of the HRA has a direct impact on the Corporate Plan. Sustainability of the HRA will assist in maintaining existing homes and increase the supply of affordable homes in the district in the future.

Legal:

The Council is required by the LGHA 1989 to have a separate Housing Revenue Account.

The information contained in this report details how the Council complies with the Welfare Reform and Work Act 2016 and the Housing and Planning Act 2016.

Finance:

This report is effective from 20/02/2017 and has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	Contained within the report.
General Fund – Capital Programme	None
Housing Revenue Account – Revenue Budget	Contained within the report.
Housing Revenue Account – Capital Programme	Contained within the report.

Human Resources / Equality and Diversity:

No direct implications have been identified in this report.

Other Implications:

No other implications have been identified in this report.

Reason(s) for Urgency (if applicable):

None

Background Papers

Cabinet Report – Update on the Council's Budget Post Transfer of AHL, 24th November 2017 (already available on the Council's website).

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