

APPENDIX 15**Addendum Agenda Item 72****Housing Revenue Account Budget 2012/13**

The Department for Communities Local Government (CLG) issued the final HRA Self Financing Determination on 1 February 2012. The self-financing valuations and settlement payments for councils have changed from those indicated in the draft determination due to some amendments to the data used in the self financing model.

The draft determination, issued in November 2011, was used for setting the HRA 2012/13 budget which included the financing of borrowing to pay a self financing settlement payment of £19.444m.

The final determination has resulted in a reduction of the self financing settlement payment from £19.444 million to £18.081 million. This will result in a reduction in borrowing of £1.363 million reducing the associated capital financing costs included in the 2012/13 HRA Budget by approximately £0.093 million. As the capital financing costs budget (of £7.777m) is purely based on estimated financing costs which may vary during the year (depending on interest rates and the profiled spend of the capital programme) it is not proposed to amend the budget but to report any variances as part of the Targeted Budget Management process during 2012/13. There is no other impact to the HRA 2012/13 revenue budget from the changes in the final settlement.

Therefore the amendments required to the HRA Budget report are:

1. paragraph 3.12 – replace £19.444 million with £18.081 million
 2. paragraph 3.13 – replace £3.900 million with £4.000 million
 3. paragraph 3.13 second bullet – replace £19.444 million with £18.081 million
 4. Appendix 2 paragraph 16, - replace £19.444 million with £18.081 million.
- The table has been updated to the figures shown in the revised column below:

	Original £'000	Revised £'000
NPV of 30 year cashflows:		
Rental income	705,122	703,937
Management & Maintenance expenditure	(365,115)	(365,175)
Major Repairs Allowance expenditure	(181,632)	(181,756)
Debt Management costs	(1,875)	(1,869)
Total Valuation of Business	156,500	155,137
Total Notional Amount of Debt (Subsidy Capital Financing Requirement)	(137,056)	(137,056)
Settlement Payment (Debt taken on 1 April 2012)	19,444	18,081

5. Appendix 2 paragraph 19 – replace paragraph with the following:

Brighton & Hove's forecast actual housing debt at March 2012 is £126.2 million, including the settlement figure of £18.081 million, which is lower than the self financing indicative debt cap level of £156.8 million thereby providing capacity to borrow a further c£30 million subject to affordability.