

Dwelling Rents - Reduction in income of £617k

Rental income has decreased mainly as a result of the statutory rent reduction of 1% and adjusting for loss of rent from right to buys. Some of loss in rent from right to buy sales will be mitigated through buyback of properties and those coming on-stream from the new build projects. In addition to these changes, additional vacant properties have been factored in for the redevelopment of Minster House.

Non Dwelling Rents - Increase in income of £50k

An increase in garage rent charges of 2.5% will generate around £10k. The balance of £40k, is additional rental income to be realised from letting part of the JMC premises for a childrens' nursery which commenced in March 2017.

Leaseholders Charges for Services & Facilities - Increase in income of £76k

The budget reflects the service charge and major works that are expected to be billed by March 2019. In addition to roofing works, door entry and rewiring, it will include works recently completed on Woodhall House.

Supervision & Management - Increase in Expenditure of £621k

Special Services - Reduction in Expenditure of £271k

Corporate & Democratic Core - Increase in Expenditure of £106k

Net Increase in Management Costs of £456k

These three headings encompass total management costs but are disclosed separately according to accounting regulations. A restatement exercise has been undertaken to ensure costs are correctly allocated. The larger movements have been explained below:

The pay award at 2% has increased the overall salaries budget by about £75k. A review of vacant posts and recruitment thereafter in both repairs and maintenance and in housing management has resulted some of this increase being mitigated.

The pension triannual valuation in early 2017, resulted in higher costs for the HRA. An increase of £150k is required for the 2018/19 budget.

An additional £273k has been factored in for special projects and structural reviews (transformation programme).

The provision for legal fees has been increased by £30k to reflect current level of cases and average costs. This total budget is now £90k.

Inflation on utilities on housing estates has been increased by 5% equating to £15k.

Bi annual expenditure of £17k has been provided for towards the Electoral Reform service, which is every alternate year.

Expenditure on gas budget has been lower than budgeted in 2017/18. After allowing for inflation the budget has been reduced by £19k.

Rents, Rates, Taxes and Other Charges - Increase in expenditure of £114k

An increase of has been recommended for 2018/19 in the insurance budgets. This is based on the historical value and volume of claims.

Increase in Bad Debts Provision - Increase in expenditure of £375k

Universal Credit has been introduced at Welwyn Hatfield from 6 December 2017. Based on feedback and evidence from other authorities, it is likely the Council will see an increase in current rent arrears levels, and the bad debt assumptions have been increased accordingly.

Depreciation - Increase in expenditure of £880k

The depreciation charge to the HRA is a statutory charge based on the value of the Councils housing stock, and increases in line with its stock value. This charge is credited to the capital account and is used towards funding the HRA capital programme and repayment of borrowing.

Revenue Contribution to Capital - Reduction in expenditure of £3.846m

The revenue contribution to capital is the balancing item on the HRA. The remaining balance available, whilst leaving an adequate working balance, is contributed towards the capital programme to reduce any borrowing requirement for the year. A breakdown of the capital financing and loan repayments is included in appendix J.