

ITEM 2A

Meeting: COUNCIL
Portfolio Areas: Housing and Resources
Date: 28 January 2009

HOUSING REVENUE ACCOUNT (HRA) - RENT INCREASE AND BUDGET SETTING PROPOSALS FOR 2009/2010 - RECOMMENDATIONS FROM THE EXECUTIVE

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Having considered the report concerning the HRA rent increase and budget setting for 2009/2010, circulated at item 2 on the Council agenda, the Executive, at its meeting on 21 January 2009, agreed the following recommendations to Council -

1. That the Projected 2008/09 and the 2009/10 HRA Budget (a net deficit of £1,295,080 and £1,046,870 respectively) be approved, with the following amendments;
 - a. the efficiencies of £290,000 identified by Stevenage Homes Limited(SHL) are deducted from the efficiency target and taken from the 2009/10 Management Fee of £14,370,010 (see SHL report Appendix G);
 - b. the surplus of £250,000 identified by SHL as being returned to the HRA, is deducted from the efficiency target and taken from the 2009/10 Management Fee of £14,370,010 (see SHL report Appendix G);
 - c. that a further £234,000 of surpluses be returned to the HRA by SHL and deducted from the efficiency target in the HRA and taken from the 2009/10 Management Fee of £14,370,010;
 - d. that SHL continue work to identify efficiency savings to fund any future HRA budget shortfalls and report back to the Executive at a later date;
 - e. the increase from 8% to 10% in the HRA Capital Programme Management Fee of £135,000 be noted and final approval of the Fee be delegated to the Portfolio Holders for Resources and Housing;
 - f. the Short Steep Climb Programme of £343,000, (see SHL report Appendix F) be noted and final approval of the programme be delegated to the Portfolio Holders for Resources and Housing;
 - g. a 2009/10 Management Fee of £12,918,010 be approved which excludes the efficiencies and return of surpluses to the HRA, the Short

Steep Climb Programme, the HRA capital programme fee increase and the allowance for growth;

- h. delegated authority be given to Strategic Director responsible for Housing to agree the Delivery Plan 2009-2012, in consultation with the Leader of the Council and the Portfolio Holder for Housing; and
- i. the growth of £200,000 included in the Management Fee be noted and final approval of the growth be delegated to the Portfolio Holders for Housing and Resources.

2. That the following draft proposals, as detailed in the attached report from SHL, be approved, as amended in recommendation 1 above:

- a. the rents of HRA dwellings be increased, with effect from the week commencing 6 April 2009 by 5.5% and increased or decreased by the Rent Restructuring figure determined for each dwelling in accordance with the Government's Revised National Rent Restructuring Formula, subject to the Government's caps and limits applicable to each property; and the Government's Cap on the combined increase in rent and un-pooled Service Charges for an individual property be applied;
- b. the increases in ancillary fees and charges, with effect from 6 April 2009, as detailed in Appendix E of the SHL report, be approved;
- c. a contingency sum for 2009/10 of £250,000 for the HRA is approved in line with the Council's Budget and Policy Framework;
- d. the proposed Management Fee for 2009/10 of £14,370,010 be approved;
- e. the efficiencies of £415,000, return of surpluses of £250,000 be approved, totalling £665,000;
- f. the Short Steep Climb and the Capital Management Fee are approved; and
- g. the Draft 2008/09 Projected net deficit of £1,279,390 and 2009/10 HRA Estimated net deficit of £1,046,870, (as detailed in Appendix A of the SHL report) be approved.

NOTE: During consideration of this matter the Executive were informed that Stevenage Homes Limited have received notification from the DCLG that they are minded to approve a special HRA Subsidy Determination for the Housing Revenue Account. A formal announcement, including the value of the determination, is expected in the week commencing 26 January 2009 and if available will be reported to the Council meeting.

BACKGROUND DOCUMENTS

- 2009/2010 HRA Subsidy Determination

