

Item no:	Housing Revenue Account (HRA) Rent Increase Proposals for 2009/10 and Budget Forecast 2008/09 and Estimates 2009/10.
SBC Executive	21st January 2009
Key Strategic Objective	To provide value for money services that focus customer needs
Public	Decision
Report Lead – Adrian Forth – Director of Finance and Compliance	Report author - Adrian Forth

Executive summary –

To consider the proposed rent increases for 2009/10 in respect of HRA dwellings.

To consider the HRA 2008/09 Forecast Budget and 2009/10 Estimates for the Housing Revenue Account.

The Stevenage Homes Board have agreed the HRA Budget and the rent increase for 2009/10 and the SHL Budget and the Management Fee for 2009/10. The Board asked for confirmation of the efficiency savings and growth proposals to be provided at their meeting on 21st January 2009.

Recommendations

To consider the following proposals and that they be recommended to the Council on 28th January 2009:-

1. That the rents of HRA dwellings be increased, with effect from the week commencing 6th April 2009, by 5.5% and increased or decreased by the Rent Restructuring figure determined for each dwelling in accordance with the Government's National Rent Restructuring Formula, subject to the Government's caps and limits applicable to each property.
2. That the Government's Cap on the combined increase in rent and un-pooled Service Charges for an individual property be applied.
3. That the increases in ancillary fees and charges, with effect from 6th April 2009, as detailed in Appendix E, be approved.
4. That a contingency sum for 2009/10 of £250,000, reduced from £500,000 in 2008/09, for the HRA is approved in line with the Council's Budget and Policy Framework.

5. That the 2008/09 Forecast and 2009/10 HRA Estimates as detailed in Appendix A be approved.

6. That the SHL Management Fee for 2008/09 of £14,122,530, that includes the additional Repairs and Maintenance provision of £461,000, is agreed.

7. That the SHL Management Fee for 2009/10 of £14,370,010 is agreed.

8. That the additional Repairs and Maintenance provision of £230,500 for 2009/10 be noted and that this can be drawn down by Stevenage Homes after proposals to balance the level of expenditure have been agreed.

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	BACKGROUND
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1.1	<p>In 2002/03 the Government introduced its Rent Restructuring policy which was intended to converge the rents of all social landlords over a ten year period, in order that rents of tenants in similar Council or Register Social Landlord (RSL) properties would be the same by the end of the period.</p> <p>The Rent Restructuring policy provides a detailed formulaic method for determining rents increases. Stevenage Borough Council has been applying the Government's Rent Restructuring policy since 2002/03 and 2009/10 will be the eighth year of implementation. However, the 2008/09 Subsidy Determinations put back the date for rent convergence under rent restructuring to 2016/17 but this was to be reviewed by the Government for 2009/10. The Final Subsidy Determinations for 2009/10 is now putting this date back to 2023/24, increasing the year of convergence by a further 7 years.</p> <p>In 2003/04 the Council introduced the collection of Rent and Service Charges over a 50 week period (i.e. operating 2 "rent free" weeks). However, all of the weekly figures referred to in this report are based on a standard 52 week year.</p>
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2.	PROPOSED RENT INCREASE FOR 2009/10
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2.1	<p>Timetable</p> <p>The Rent setting timetable (allowing for notice, implementation, scrutiny and approval) requires the proposals to be considered at the Council's Executive in December and January before final approval at Council on 28th January 2009. The Draft HRA Estimates and proposed rent increase were reported to the December Executive and this report provides an update on changes to the estimates and the Final Subsidy Determinations.</p>
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<p>2.2</p>	<p>Rent Setting</p> <p>Stevenage has followed the Government's Rent Restructuring Policy since its introduction in 2002/03 and tenants were consulted on this policy in 2002. Otherwise the HRA would be left with a significant shortfall because the subsidy calculations and particularly the rent withdrawal figure in the Subsidy calculations assume that Rent Restructuring is being followed.</p> <p>The proposed Rent Increase for 2009/10 is summarised in the following table:</p> <table border="1" data-bbox="373 629 1353 927"> <tr> <td>2008/09 Average Rent Set at Government Constrained Rent</td> <td>= £73.47</td> <td></td> </tr> <tr> <td>Inflationary Increase</td> <td>= £ 4.04</td> <td>5.5%</td> </tr> <tr> <td>Average Rent Restructuring Increase</td> <td>= £ 0.41</td> <td>0.56%</td> </tr> <tr> <td>Overall Increase</td> <td>= £ 4.45</td> <td>6.06%</td> </tr> <tr> <td>2009/10 Average Rent</td> <td>= £77.92</td> <td></td> </tr> </table> <p>The proposed Average Rent above has been set by continuing to applying the Government's Rent Restructuring formula.</p> <p>In practice, individual rents would be calculated by applying 5.5% increase to the 2008/09 rent, plus or minus an individual convergence figure calculated in accordance with the Government's formula for the eighth year of Rent Restructuring. This has now been changed to extend to 2023/2024.</p> <p>As in previous years, the Government intends that increases and decreases in Rents and Service Charges of individual properties should continue to be capped at RPI+½% + or - £2.</p> <p>SHL have consulted on the proposed rent increase and with FOSTA at their December meeting and will also consult with Resident Association and Tenant Groups with a briefing note on the proposals during January 2009.</p>	2008/09 Average Rent Set at Government Constrained Rent	= £73.47		Inflationary Increase	= £ 4.04	5.5%	Average Rent Restructuring Increase	= £ 0.41	0.56%	Overall Increase	= £ 4.45	6.06%	2009/10 Average Rent	= £77.92	
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<p>2.3</p>	<p>Final HRA Subsidy Determinations 2009/10</p> <p>The Final HRA Subsidy Determinations 2009/10 were issued on 18th December 2008 and the final figures are detailed in Appendix B. The figures in the Final determinations represent an increase in net Subsidy Withdrawal from Stevenage for 2009/10 of £464,000 (3.4%) reflecting a notional rent increase of 5.03%. There is also an increase in the Maintenance Allowance of 5.7%. Stevenage's Subsidy Withdrawal will now total £20.4 million in 2009/10. The 2009/10 Major Repairs Allowance (MRA) is estimated to be £6.3 million reflecting an increase of 3.9% on 2008/09. The Council's 5 Year Capital Strategy has been updated to reflect this increase.</p>															

	<p>The concern is the calculation of the interest on receipts where the Communities and Local Government (CLG) are using the LIBID interest rate of 6.23%. This is substantially higher than the actual estimated interest rate anticipated during 2009/10 and has resulted in an estimated loss of nearly £1,300,000. The Final Subsidy Determinations have not addressed this imbalance despite Stevenage Homes making representations to the CLG on this and have written to them as part of the consultation of the draft determinations. However, the CLG have recognised this issue of a change in the LIBID rate is calculated and will be writing to local authorities as soon as possible in the new year.</p>																
<p>3.0</p>	<p>HRA 2008/09 FORECAST AND 2009/10 ESTIMATES BUDGETS</p>																
<p>3.1</p>	<p>The HRA 2008/09 Forecast and 2009/10 Estimate Budgets are attached at Appendix A. The Base Budget position as detailed in Appendix A is summarised as follows:</p> <table border="1" data-bbox="368 853 1396 1256"> <thead> <tr> <th data-bbox="368 853 847 920">Summary of HRA Base Budget position</th> <th data-bbox="847 853 1038 987">Original Estimate 2008/09 £</th> <th data-bbox="1038 853 1230 987">Forecast Estimate 2008/09 £</th> <th data-bbox="1230 853 1396 987">Original Estimate 2009/10 £</th> </tr> </thead> <tbody> <tr> <td data-bbox="368 1021 847 1088">Balance Brought Forward 1st April</td> <td data-bbox="847 1021 1038 1055">(1,953,780)</td> <td data-bbox="1038 1021 1230 1055">(3,083,250)</td> <td data-bbox="1230 1021 1396 1055">(1,788,170)</td> </tr> <tr> <td data-bbox="368 1122 847 1155">Use of Balances in the Year</td> <td data-bbox="847 1122 1038 1155">1,279,390</td> <td data-bbox="1038 1122 1230 1155">1,295,080</td> <td data-bbox="1230 1122 1396 1155">1,046,870</td> </tr> <tr> <td data-bbox="368 1189 847 1256">Balance Carried Forward 31st March</td> <td data-bbox="847 1189 1038 1223">(674,390)</td> <td data-bbox="1038 1189 1230 1223">(1,788,170)</td> <td data-bbox="1230 1189 1396 1223">(741,300)</td> </tr> </tbody> </table> <p>The impact of the final subsidy determinations, in relation to the interest income, has resulted in a lower estimated working balance at 31st March 2010 than projected in the HRA Medium Term Financial Plan (MTFP) which is attached at Appendix C. The above estimates include an efficiency savings target of £1,020,000 for 2009/10 (£820,000 more than in the HRA MTFP), and a reduction in the SHL Management Fee for 2008/09 (£250,000). So far SHL senior officers have reviewed further the potential for efficiencies and have identified achievable savings of £665,000 against the £1,020,000 as shown in Appendix G.</p> <p>3.2 The HRA Estimates include the Short Steep Climb Programme of £620,000 for 2008/09 and £343,000 for 2009/10. The Programme for 2008/09 was recently updated in light of the mock inspection outcomes and some of the items have been redirected to areas that need improvement and are contained within this budget. However, SHL are contributing an additional £115,000 to this.</p> <p>3.3 The Repairs and Maintenance budget includes a contingency provision item that SHL can draw down and this is estimated at £230,500 for 2009/10 reflecting the additional funding required.</p>	Summary of HRA Base Budget position	Original Estimate 2008/09 £	Forecast Estimate 2008/09 £	Original Estimate 2009/10 £	Balance Brought Forward 1 st April	(1,953,780)	(3,083,250)	(1,788,170)	Use of Balances in the Year	1,279,390	1,295,080	1,046,870	Balance Carried Forward 31 st March	(674,390)	(1,788,170)	(741,300)
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<p>3.4</p>	<p>Variiances – the analysis of the movement in the Use of Balances in the Year is shown in Appendix D. The main reasons are:</p> <p>2008/09</p> <ul style="list-style-type: none"> • <i>Rent Income</i> – this has increased due to significant reductions in void levels. Also the number of RTB sales has reduced in the current economic climate. These have been reported previously as part of the quarterly monitoring of the HRA. • <i>SHL Management Fee</i> – this has been reduced due to the under spend in 2007/08 and the balance of the efficiency savings required. • <i>Energy Costs</i> – these have increased due to the current cost of heating costs and are partly offset by the recoverable charges that will be passed on to tenants and leaseholders as part of the 2009/10 charges. • <i>Refunds of water rates</i> – this is for the refunds due to tenants in sheltered schemes where meter charges are less than currently being charged. This has been reported previously as part of the quarterly monitoring of the HRA. • <i>Interest on Capital Receipts</i> – this has increased compared to the original budget but has reduced significantly for 2009/10 due to the current economic climate. • <i>Supporting People Grant</i> – this has been adjusted for 2008/09 as additional payments have been received from HCC. • <i>Efficiency savings</i> – the HRA has a target of £700,000 for this year and this has been offset by the increased rent income. • <i>Other</i> – this includes refunds and adjustments for the redecoration scheme, charges for the homeless residential charges partly offset by a recharge to the General Fund and reductions in the income due for communications charges on high rise flat blocks. <p>2009/10</p> <ul style="list-style-type: none"> • <i>Rent Income</i> – the additional income reflects the proposed rent increase for 2009/10. • <i>Housing Subsidy withdrawal</i> – this reflects the calculation from the Government's proposals explained earlier in the report. • <i>Interest on capital receipts</i> – this reduction reflects the estimated interest that will be received in 2009/10 and is not offset by the Housing Subsidy determinations discussed earlier in this report. • <i>Repairs and Maintenance</i> – this additional budget has been reduced by £231,000 and is shown as a contingency provision item that SHL can draw down on. • <i>Efficiency savings</i> – this has increased compared to the HRA Medium Term Financial Plan and has been discussed earlier in the report. • <i>Energy costs</i> – this reflects the increase in these costs and are partly offset by increased charges to tenants and leaseholders.
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4.	SHL MANAGEMENT FEE																																																														
4.1	<p>The fee for 2009/10 has been calculated on an inflationary increase of 5% less an adjustment of £333,000 reflecting the reduced cost of the IT SLA. The adjustment for the IT costs does not impact on the HRA as this is a technical adjustment that reduces an offsetting balance in the HRA. It also includes an increase in the management fee rate to the HRA Capital Programme for 2009/10 from 8% to 10%.</p> <p>The fee also includes the Short Steep Climb Programme funding of £343,000 which is £277,000 less than 2008/09 and the breakdown of this budget is shown at Appendix F.</p>																																																														
4.2	<p>A summary of the SHL Budgets are shown in the following table:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Budget 2008/09 Inc. SSC Programme £</th> <th style="text-align: center;">Forecast 2008/09 £</th> <th style="text-align: center;">Budget 2009/10 £</th> </tr> </thead> <tbody> <tr> <td>Salaries</td> <td style="text-align: right;">7,393,210</td> <td style="text-align: right;">7,573,750</td> <td style="text-align: right;">7,491,460</td> </tr> <tr> <td>Repairs and Maintenance</td> <td style="text-align: right;">5,381,090</td> <td style="text-align: right;">4,973,640</td> <td style="text-align: right;">5,283,550</td> </tr> <tr> <td>Overheads less Recharges</td> <td style="text-align: right;">2,271,690</td> <td style="text-align: right;">2,447,440</td> <td style="text-align: right;">2,048,410</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">15,045,990</td> <td style="text-align: right;">14,994,830</td> <td style="text-align: right;">14,823,420</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">£</th> <th style="text-align: center;">£</th> <th style="text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Management Fee</td> <td style="text-align: right;">14,021,530</td> <td style="text-align: right;">13,661,530</td> <td style="text-align: right;">14,370,010</td> </tr> <tr> <td>Repairs and Maintenance</td> <td style="text-align: right;">461,000</td> <td style="text-align: right;">461,000</td> <td style="text-align: right;">230,500</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">14,482,530</td> <td style="text-align: right;">14,122,530</td> <td style="text-align: right;">14,600,510</td> </tr> <tr> <td>Surplus / (Deficit)</td> <td style="text-align: right;">(563,460)</td> <td style="text-align: right;">(872,300)</td> <td style="text-align: right;">(222,910)</td> </tr> </tbody> </table> <p>The Management Fee for 2008/09 has been reduced by £360,000 representing the balance of the efficiency savings target of £700,000 and a contribution of £250,000 from SHL's reserves to keep the HRA in balance.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">£</th> <th style="text-align: center;">£</th> <th style="text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Reserves</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Brought Forward</td> <td style="text-align: right;">1,830,000</td> <td style="text-align: right;">1,830,000</td> <td style="text-align: right;">957,700</td> </tr> <tr> <td>Use of Balances</td> <td style="text-align: right;">563,460</td> <td style="text-align: right;">872,300</td> <td style="text-align: right;">222,910</td> </tr> <tr> <td>Carried Forward</td> <td style="text-align: right;">1,266,540</td> <td style="text-align: right;">957,700</td> <td style="text-align: right;">734,790</td> </tr> </tbody> </table> <p>As previously detailed in this report Stevenage Homes have identified £665,000 of achievable savings against the £1,020,000. This gap can</p>				Budget 2008/09 Inc. SSC Programme £	Forecast 2008/09 £	Budget 2009/10 £	Salaries	7,393,210	7,573,750	7,491,460	Repairs and Maintenance	5,381,090	4,973,640	5,283,550	Overheads less Recharges	2,271,690	2,447,440	2,048,410	Total	15,045,990	14,994,830	14,823,420		£	£	£	Management Fee	14,021,530	13,661,530	14,370,010	Repairs and Maintenance	461,000	461,000	230,500	Total	14,482,530	14,122,530	14,600,510	Surplus / (Deficit)	(563,460)	(872,300)	(222,910)		£	£	£	Reserves				Brought Forward	1,830,000	1,830,000	957,700	Use of Balances	563,460	872,300	222,910	Carried Forward	1,266,540	957,700	734,790
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	<p>be bridged from Stevenage Homes reviewing its Growth items, the Short Steep Climb Programme and a contribution from the Stevenage Homes reserves shown above. However, the latest information from the CLG, in relation to the final subsidy determination interest calculation, is that a proposed revised calculation will be discussed with Ministers and will be notified to Councils' affected by this and will be informed of the decision week ending 16th January 2009.</p>
3.7	<p>Inflation – this has been added in respect of exceptional items including utility costs.</p>
3.8	<p>Supporting People – the funding position with regard to Supporting People arrangements remains unclear and there has been no confirmation of the level of funding available for 2009/10. In the face of uncertainty the HRA Supporting People budget has been estimated at the same level for 2009/10.</p>
3.9	<p>Other HRA Ancillary Fees and Charges – the proposed increases in these charges are attached at Appendix D and these increases have been incorporated in the 2009/10 Estimates. Other charges including water rates, heating charges and NTL (Cable TV Virgin Media) charges will have to be increased as appropriate, to cover costs.</p>
4.0	<p>RECOMMENDATIONS</p>
4.1	<p>That the following proposals be considered for recommendation to the Council on 28th January 2009:-</p> <ol style="list-style-type: none"> 1. That the rents of HRA dwellings be increased, with effect from the week commencing 6th April 2008, by 5.5% and increased or decreased by the Rent Restructuring figure determined for each dwelling in accordance with the Government's National Rent Restructuring Formula, subject to the Government's caps and limits applicable to each property. 2. The Government's Cap on the combined increase in rent and un-pooled Service Charges for an individual property be applied. 3. That the increases in ancillary fees and charges, with effect from 6th April 2009, as detailed in Appendix E, be approved. 4. That the contingency sum for 2009/10 of £250,000 for the HRA is approved in line with the Council's Budget and Policy Framework. 5. That the 2008/09 Forecast and 2009/10 HRA Estimates as detailed in Appendix A be approved. <p>6. That the SHL Management Fee for 2008/09 of £14,122,530, that includes the additional Repairs and Maintenance provision of £461,000, is agreed.</p> <p>7. That the SHL Management Fee for 2009/10 of £14,100,010 is agreed.</p>

	8. That the additional Repairs and Maintenance provision of £230,500 for 2009/10 be noted and that this can be drawn down by Stevenage Homes after proposals to balance the level of expenditure have been agreed.
5.0	IMPLICATIONS
5.1	Long term consequences – the housing subsidy determinations is the main reason for the estimated working balance at the end of 2009/10 being less by approximately £1,300,000 compared to the HRA Medium Term Financial Plan.
5.2	Service Delivery and business relationships with suppliers and customers – the reduction in available resources is likely to impact on services to customers.
5.3	Diversity, community and environment impact - Less resources means we will be less able to respond to diverse needs as originally planned.
5.4	Human resources and employee interests – due to less financial resources there could be a risk to job security.
5.5	Financial / Value For Money - This report is largely financial in nature and relevant implications are included in the body of the report and appendices
5.6	Risk – maintenance of reputation – the possibility of reducing services due to reduced resources may impact on the reputation of SHL and SBC.
5.7	Legal - The Council has a statutory duty to balance the Housing Revenue Account. The Council has a statutory duty to consult its tenants on changes in policy and practice on matters of housing management
6.0	List of Appendices Appendix A – Housing Revenue Account Estimates 2009/10 Appendix B - Draft HRA Subsidy Determinations 2009/10 Appendix C – HRA Medium Term Financial Plan Appendix D – Analysis of use of Balances Appendix E – Other HRA Ancillary Fees and Charges Appendix F – Short Steep Climb Programme 2009/10 Appendix G – SHL Efficiency Statement 2009/10

If you have any questions about this report then please contact Adrian Forth (SMT lead) on Ext 2375

APPENDIX A

HOUSING REVENUE ACCOUNT 2009/10 ESTIMATES

<u>Page</u>	<u>Description</u>	<u>2007/08 Actual</u>	<u>2008/09 Estimate</u>	<u>2008/09 Forecast</u>	<u>2009/10 Estimate</u>
	<u>HRA SUMMARY</u>	£	£	£	£
	SUPERVISION & MANAGEMENT				
HRA2	- General	21,456,273	15,276,610	15,974,870	16,089,030
HRA4-8	- Special	3,406,543	3,557,570	3,810,850	4,175,620
HRA9	REPAIRS & MAINTENANCE	6,123,358	5,920,790	6,019,060	5,750,770
	<u>TOTAL EXPENDITURE</u>	30,986,174	24,754,970	25,804,780	26,015,420
HRA3	<u>TOTAL INCOME</u>	20,565,722	19,632,240	19,906,400	22,059,700
	<u>Total Expenditure</u>	10,420,452	5,122,730	5,898,380	3,955,720
	Total Below the Line Adjustments	(10,656,553)	(3,843,340)	(4,603,300)	(2,908,850)
	-				
	NET (SURPLUS)/DEFICIT FOR YEAR	(236,101)	1,279,390	1,295,080	1,046,870
	BALANCE B/FWD	(2,847,146)	(1,953,776)	(3,083,247)	(1,788,167)
	USE OF/(CONTRIBUTION TO) BALANCES	(236,101)	1,279,390	1,295,080	1,046,870
	BALANCE C/FWD	(3,083,247)	(674,386)	(1,788,167)	(741,297)
	[Minimum Level of Balances to be maintained at £500k] [Additional Use Of/(Contribution to) Balances]				

HOUSING REVENUE ACCOUNT 2009/10 ESTIMATES

Account Code	Description	2007/08 Actual	2008/09 Estimate	2008/09 Forecast	2009/10 Estimate
	<u>EXPENDITURE SUMMARY</u>	£	£	£	£
	<u>SUPERVISION & MANAGEMENT</u> (Cost Centres HA110 to HA730)				
	<u>Employee Related Expenses</u>				
1100	Salaries	246,480	324,630	324,630	334,160
1950	Indirect Employee Expenses	1,050	0	0	0
	<u>Premises Related Expenses</u>				
2600	Rents, Rates & water Services	36,690	28,850	31,030	31,960
2850	Premises Insurance	340,416	345,310	345,310	331,550
	<u>Supplies & Services</u>				
4300	Printing, Stationery & General	0	0	150	0
4400	Postage & Telephones	12,974	6,940	14,970	15,410
4600	Grants & Subscriptions	2,950	2,940	2,940	3,030
4700	Miscellaneous Expenses	122,051	138,040	138,040	142,180
4911	Increase in Provision for Bad Debts	46,341	130,000	120,400	124,000
	<u>Agency & Contracted Services</u>				
5600	Agency Fees & Surveys	103,033	77,550	75,050	67,990
	SHL Management Fee	6,211,832	6,682,350	6,022,350	6,742,460
	<u>Central & Departmental Charges</u>				
7100	Central & Departmental Charges	566,922	610,230	610,230	1,019,330
	Efficiency Savings	0	(700,000)	0	(1,020,000)
	<u>Capital Financing Costs</u>				
8100	Debt Charge Provision	0	125,000	125,000	128,750
8500	Leasing Charges	255	0	0	0
8700	Cash Management Expenses	112,000	114,770	114,770	118,210
8901	Capital Charges - Depreciation	8,045,460	7,390,000	8,050,000	8,050,000
8914	Impairment	5,607,820	0	0	0
	Total Expenditure	21,456,273	15,276,610	15,974,870	16,089,030

HOUSING REVENUE ACCOUNT 2009/10 ESTIMATES

Account Code	Description	2007/08 Actual	2008/09 Estimate	2008/09 Forecast	2009/10 Estimate
	INCOME SUMMARY (Cost Centre HC110)	£	£	£	£
	<u>Rent Income</u>				
9781	Rental Income in respect of dwellings	30,244,266	31,156,000	31,402,720	33,285,960
9783	Rental Income from land and buildings other than dwellings	67,483	84,070	27,810	92,790
		30,311,749	31,240,070	31,430,530	33,378,750
	<u>Other Income</u>				
9767	Commission on Water Rates	213,731	213,700	222,690	229,370
	Other income in respect of Services and facilities	527,133	331,910	335,390	704,320
9400	Fees & Charges - Sheltered Schemes	65,464	66,540	70,820	72,940
9760	Other Recoverable Charges - Sheltered Schemes	65,892	64,750	67,830	71,100
9760	Other Recoverable Charges - Flats	608,494	576,900	574,690	581,690
9400	Charges for Services - Homelessness	8,033	8,040	4,920	5,080
9760	Other Recoverable Charges - Homelessness	325,658	335,650	280,690	289,100
9000	Income - TV Relay	364,228	371,270	352,000	360,350
	Redecoration Scheme Contributions	98,163	126,150	126,880	127,380
	<u>Other Income re Services & Facilities</u>	2,276,798	2,094,910	2,035,910	2,441,330
	<u>Government Grants</u>				
8931	Government Grants Deferred	8,000	0	16,000	8,000
9131	Defects Act	12,791	6,280	6,280	0
		20,791	6,280	22,280	8,000
	<u>Transfer s80(2) Local Government and Housing Act 1989</u>				
9174	Transitional Negative Subsidy	(1,101,454)	(734,300)	(734,300)	(367,150)
9173	Housing Subsidy Withdrawal	(17,742,332)	(19,780,040)	(19,780,040)	(20,462,360)
9176	Major Repairs Allowance Subsidy	6,128,020	6,111,000	6,111,000	6,329,810
		(11,614,312)	(13,669,040)	(13,669,040)	(14,132,550)
9113	<u>Supporting People Grant</u>	560,000	571,200	665,560	571,200
9928	Ringfencing Adjustment - North Road Homeless Hostel	112,150	123,120	155,460	160,120
	Total Income	20,565,722	19,632,240	19,906,400	22,059,700

HOUSING REVENUE ACCOUNT 2009/10 ESTIMATES

<u>Account Code</u>	<u>Description</u>	<u>2007/08 Actual</u>	<u>2008/09 Estimate</u>	<u>2008/09 Forecast</u>	<u>2009/10 Estimate</u>
	<u>SPECIAL SUPERVISION AND MANAGEMENT HOLDING ACCOUNT</u>	£	£	£	£
	<u>GROUNDS MAINTENANCE TREES & OAP GARDENS</u> (Cost Centre HD110)				
	<u>Expenditure</u>				
	<u>Agency & Contracted Services</u>				
	SHL Management Fee	0	33,150	33,150	34,140
	Total Expenditure	0	33,150	33,150	34,140

HOUSING REVENUE ACCOUNT 2009/10 ESTIMATES

Account Code	Description	2007/08 Actual	2008/09 Estimate	2008/09 Forecast	2009/10 Estimate
	SPECIAL SUPERVISION AND MANAGEMENT HOLDING ACCOUNT	£	£	£	£
	SHELTERED SCHEMES (Cost Centres HG***)				
	<u>Expenditure</u>				
	<u>Employee Related Expenses</u>				
1100	Salaries	0	0	0	0
	<u>Premises Related Expenses</u>				
2500	Energy Costs	173,004	254,450	390,320	526,070
2600	Rent, Rates and Water Services	2,756	5,160	5,160	5,320
2850	Premises Insurance	6,845	6,880	6,880	12,380
	<u>Supplies & Services</u>				
4100	Equipment, Tools & Furniture	134	0	0	0
4400	Postage & Telephones	24,568	23,340	24,070	25,370
	<u>Agency & Contracted Services</u>				
5500	Other Local Authorities	45,978	49,150	49,150	50,630
5600	Agency Fees & Surveys	180	0	0	0
	SHL Management Fee	0	1,249,910	1,249,910	1,287,410
	<u>Capital Financing Costs</u>				
	Leasing Charges	2,859	2,830	2,830	0
	Total Expenditure	256,324	1,591,720	1,728,320	1,907,180
	Total Expenditure	256,324	1,591,720	1,728,320	1,907,180

HOUSING REVENUE ACCOUNT 2009/10 ESTIMATES

Account Code	Description	2007/08 Actual	2008/09 Estimate	2008/09 Forecast	2009/10 Estimate
	<u>SPECIAL SUPERVISION AND MANAGEMENT HOLDING ACCOUNT</u>	£	£	£	£
	<u>FLATS</u> (Cost Centres HJ***)				
	<u>Expenditure</u>				
	<u>Premises Related Expenses</u>				
2400	Grounds	0	0	0	0
2500	Energy Costs	216,772	267,150	391,900	515,970
2600	Rent, Rates and water Services	0	340	340	650
2850	Premises Insurance	144,983	171,110	171,110	177,360
	<u>Supplies & Services</u>				
4400	Postage & Telephones	5,454	5,140	4,180	3,670
	<u>Agency & Contracted Services</u>				
	SHL Management Fee	2,407,636	670,980	670,980	691,110
	<u>Central & Departmental Charges</u>				
7100	Central & Departmental Charges	610	70	0	0
	Total Expenditure	2,775,455	1,114,790	1,238,510	1,388,760
	Total Expenditure	2,775,455	1,114,790	1,238,510	1,388,760

HOUSING REVENUE ACCOUNT 2009/10 ESTIMATES

Account Code	Description	2007/08 Actual	2008/09 Estimate	2008/09 Forecast	2009/10 Estimate
	<u>SPECIAL SUPERVISION AND MANAGEMENT HOLDING ACCOUNT</u>				
	<u>HOMELESS ACCOMMODATION</u> (Cost Centres HLB)				
	<u>Expenditure</u>				
	<u>Employee Related Expenses</u>				
1100	Salaries	(4,635)	0	0	0
	<u>Premises Related Expenses</u>				
2500	Energy Costs	16,782	24,680	38,230	51,790
2600	Rent, Rates and Water Services	6,188	6,370	6,360	6,570
2850	Premises Insurance	852	850	850	1,000
	<u>Supplies & Services</u>				
4400	Postage & Telephones	3,641	3,550	2,200	2,260
	<u>Agency & Contracted Services</u>				
5600	Agency Fees & Surveys	15	0	0	0
	SHL Management Fee	0	411,190	411,190	423,530
	Total Expenditure	22,843	446,640	458,830	485,150
	Total Expenditure	22,843	446,640	458,830	485,150

HOUSING REVENUE ACCOUNT 2009/10 ESTIMATES

<u>Account</u> <u>Cofe</u>	<u>Description</u>	<u>2007/08</u> <u>Actual</u>	<u>2008/09</u> <u>Estimate</u>	<u>2008/09</u> <u>Probable</u>	<u>2009/10</u> <u>Estimate</u>
	<u>SPECIAL SUPERVISION AND</u> <u>MANAGEMENT HOLDING ACCOUNT</u>	£	£		£
	<u>T.V. RELAY SYSTEM</u> (Cost Centre HN11)				
	<u>Expenditure</u>				
	<u>Agency & Contracted Services</u>				
5600	Private Contractors	351,921	371,270	352,040	360,390
	Total Expenditure	351,921	371,270	352,040	360,390
	Total Expenditure	351,921	371,270	352,040	360,390
	Total Special Supervision and Management	3,406,543	3,557,570	3,810,850	4,175,620

HOUSING REVENUE ACCOUNT 2009/10 ESTIMATES

<u>Account</u> <u>Cofe</u>	<u>Description</u>	<u>2007/08</u> <u>Actual</u>	<u>2008/09</u> <u>Estimate</u>	<u>2008/09</u> <u>Forecast</u>	<u>2009/10</u> <u>Estimate</u>
	REPAIRS & MAINTENANCE	£	£	£	£
	HOLDING ACCOUNT (Cost Centre HP*** to HR***)				
	<u>Agency & Contracted Services</u>				
HPA-R	<u>Responsive Repairs</u> Responsive Repairs	(83,423)	683,510	783,250	357,880
	<u>Supplies & Services</u>				
2500	Energy Costs	1,808	0	0	0
4300	Printing, Stationer & Gen Expenses	5,089	3,300	1,830	1,890
	SHL Management Fee	6,199,884	5,233,980	5,233,980	5,391,000
	Total Expenditure	6,123,358	5,920,790	6,019,060	5,750,770

HOUSING REVENUE ACCOUNT 2009/10 ESTIMATES

Account Code	Description	2007/08 Actual	2008/09 Estimate	2008/09 Forecast	2009/10 Estimate
		£	£	£	£
	ADJUSTMENTS TO NET OPERATING EXPENDITURE (Cost Centre HW11)				
9945	Adjusting Transfer from AMRA	0	0	0	0
	HRA INVESTMENT INCOME				
9814	Interest - Capital Receipts	(1,888,350)	(1,725,000)	(1,853,550)	(759,510)
9831	Interest - Mortgages	(24,227)	(22,450)	(22,450)	(20,000)
9851	Interest - Revenue Balances	(125,262)	(82,590)	(70,000)	(50,000)
		(2,037,839)	(1,830,040)	(1,946,000)	(829,510)
	Total Income	(2,037,839)	(1,830,040)	(1,946,000)	(829,510)
	APPROPRIATIONS (Cost Centre HX11)				
	<u>Expenditure</u>				
8611	RCCO - General	0	0	0	0
8611	RCCO - Supporting People funding to Decent Homes	0	0	0	0
8914	Impairment	(5,607,820)	0	0	0
8931	Government Grant Deferred	8,000	0	16,000	8,000
	Total Expenditure	(5,599,820)	0	16,000	8,000
	<u>Income</u>				
9943	Transitional Negative Subsidy	(1,101,454)	(734,300)	(734,300)	(367,150)
9944	Depreciation Adjustment Where above MRA	(1,917,440)	(1,279,000)	(1,939,000)	(1,720,190)
	Total Income	(3,018,894)	(2,013,300)	(2,673,300)	(2,087,340)
	Net Appropriations	(8,618,714)	(2,013,300)	(2,657,300)	(2,079,340)
	Total below the Line Adjustments	(10,656,553)	(3,843,340)	(4,603,300)	(2,908,850)

APPENDIX B

Final HRA Subsidy Determination 2009/10

The General Formula – The Government’s calculation of SBC’s Subsidy results in a negative figure that has to be paid over to the Government in order that it is redirected to those authorities that are considered to be in ‘deficit’. The Final HRA Subsidy Determinations 2009/10 were received on 18th December 2008. In 2009/10 SBC’s overall negative subsidy position, excluding the Major Repairs Allowance, will be £20.46 million, over £0.68 million (3.4%) more than in 2008/09.

The main components of this Subsidy calculation and the comparison to 2008/09 are as follows:

HOUSING SUBSIDY DRAFT DETERMINATIONS 2009/10				
	Final 2008/09 £m	Final 2009/10 £m	Change £m	Change %
Income				
Notional Rent Income	-30.70	-32.12	-1.42	4.6
Interest – Mortgages	-0.02	-0.02		-11.6
Interest – Item 8	-2.06	-2.03	0.04	-1.9
Total deductions	-32.78	-34.16	-1.38	4.2
Allowances				
Management	4.27	4.50	0.23	5.4
Maintenance	8.73	9.20	0.47	5.4
Total Allowances	13.00	13.70	0.70	5.4
Gross Withdrawal	-19.78	-20.46	-0.68	3.4
MRA	6.11	6.33	0.22	3.6
Net Withdrawal	-13.66	-14.13	-0.47	3.4

The increase in the withdrawal of notional rent largely reflects the effects of the Government’s Rent Restructuring Policy. It is this effect that will continue to put pressure on the HRA. However, generally the interest withdrawal element of the subsidy calculation effectively takes away from SBC the interest earned by the HRA on accumulated Housing Capital Receipts. In 2009/10 this is approximately £1,300,000 more than the estimated interest earned in the HRA.

Item no:	HRA Medium Term Financial Plan
Board Away Day	18th September 2008
Key Strategic Objective	To provide value for money services that focus on customer needs.
Public	Information
Report Lead – Adrian Forth – Director of Finance and Compliance	Report author – Adrian Forth

Executive summary

The 30 year HRA Medium Term Financial Plan is attached at Appendix 1. A summary of the first 5 years is shown in the table below:

	Expenditure	Income	In year position	Opening Balance	Closing Balance
	£000s	£000s	£000s	£000s	£000s
2008/09	36,544	35,310	(1,234)	3,083	1,850
2009/10	36,811	36,394	(417)	1,850	1,432
2010/11	37,659	37,654	(5)	1,432	1,427
2011/12	38,604	38,881	277	1,427	1,705
2012/13	39,609	40,250	641	1,705	2,345

The Financial Plan shows that the in year deficit position improves year on year until going into surplus in 2011/12. The main reasons for this are:

- Short Steep Climb Programme – reducing year on year
- Additional Repairs and Maintenance budget - reducing year on year
- Efficiency savings – the savings targets previously agreed have been incorporated into the plan on an ongoing basis.

In addition the job evaluation costs have been included.

The Housing Subsidy consultation is out for the next 2 years proposals but it does not provide specific direction as yet to model.

This Plan will be monitored and updated regularly and will be reported to Resources Committee on a quarterly basis.

If you have any questions about this report please contact Adrian Forth (SMT lead) on 2375.

APPENDIX D

ANALYSIS OF USE OF BALANCES

<i>Use of Balances in the Year 2008/09</i>	£	£
Original Estimate 2008/09		1,279,390
Forecast variances:		
SHL Management Fee	(660,000)	
Efficiency Savings	700,000	
Supporting People Grant	(94,360)	
Refunds re Water Rates	180,000	
Rents – Dwellings	(246,720)	
Energy costs	90,690	
Interest - Capital Receipts	(128,550)	
Other	174,630	15,690
Forecast 2008/09		1,295,080

<i>Use of Balances in the Year 2009/10</i>	£	£
Original Estimate 2008/09		1,279,390
SHL Management Fee	621,450	
Efficiency Savings	(320,000)	
Rents – Dwellings	(2,129,960)	
Housing Subsidy Withdrawal	682,320	
Energy Costs	175,140	
Repairs & Maintenance Contingency Budget	(230,500)	
Interest - Capital Receipts	965,490	
Other	3,540	(232,520)
Original Estimate 2009/10		1,046,870

Hostel Licence Weekly Charges 2009/10

12 North Road				Wellfield Court			
	Weekly charge		Daily Charge (including service charge)	Weekly charge		Daily Charge (including service charge)	
1 Bedroom	Rent	£25.40	£5.12	Rent	£28.45	£5.55	
	Service Charge	£10.44		Service Charge	£10.44		
2 Bedrooms	Rent	£50.81	£8.75	Rent	£56.90	£9.62	
	Service Charge	£10.44		Service Charge	£10.44		
3 Bedrooms	Rent	£76.22	£12.38				
	Service Charge	£10.44					
4 Bedrooms	Rent	£101.70	£16.02				
	Service Charge	£10.44					
5 Bedrooms	Rent	£127.04	£19.64				
	Service Charge	£10.44					

Charges: £ 10.44 service charge per family - minimum HB shortfall

APPENDIX E

**HOUSING REVENUE ACCOUNT
CHARGES 2009/2010
SUPPORTED HOUSING**

	2008/09 £	2009/10 £
1. Guest Bedrooms All Schemes other than those listed below	5.80 per person per night	6.00 per person per night
2. Norman Court/Hobbs Ct/Gladstone Ct/Shafesbury Truro/Pitt Court Any bedsit type guest room	8.10 per person per night	8.35 per person per night
3. Silkin Court (per day) Guest Room	5.80 per person	6.00 per person
Short Stay Unit – Assessment	3.55 per person	3.65 per person
Respite/Recuperation	6.90 per person	7.10 per person
4. Laundry Charge Sheltered Schemes first wash	Free	Free
Second wash and thereafter	1.75 per wash	1.80 per wash
Guest bedrooms (per week or part)	1.75 per wash	1.80 per wash
Flat Blocks at		
Brent Ct, Harrow Ct, The Towers, Roundmead, Lonsdale Driers North Road & Wellfield Court Driers		
5. Hairdressing Hourly Charge – Silkin/Fred Millard	3.55	3.65
Session (other Schemes). Charge for room hire	5.50	5.65
6. Private Chiropodist and other services Per Session – Charge for room hire	5.50	5.65
7. Careline Alarm All charges are exclusive of VAT		
	3.33 (50 weeks)	3.33 (50 weeks)
Mobile response service	1.82 (50 weeks)	1.82 (50 weeks)
Monitoring only service	2.30	2.40
Guinness Trust response to emergency calls only	13.23 (50 weeks)	13.23 (50 weeks)
8. Sheltered Housing Support Charge		

APPENDIX F

Short Steep Climb 2009/10

SDU	Title	Description of Bid	2009/10	2010/11	2011/12
6	Business Improvement	Printing AC Recommendation completing and publishing the tenants' and leaseholders handbooks and producing an appropriate range of other published material for residents, that have been produced in collaboration with residents, and are easy to understand These include annual report , service leaflets, key info cards for staff(so they have info on them about how to do translations , deal with a complaint etc all the time. Service standards leaflet	£1,000	£1,000	£1,000
9	Business Improvement	Comms. Officer Requires management by qualified Comms.Officer Scale PO4/5 plus oncosts.	£48,000	£48,000	£48,000
11	Business Improvement	Housing Register Magazine As the housing applicants are also our customers I suggest we provide them with information on issues that affect them. So keeping us up to date with their situation, how to bid, help we can offer, other housing solutions. We should do this twice a year. I suggest we do one edition in 07/08 and review it.	£10,000	£10,000	£10,000
14	Housing Needs	Housing Application Checks Part of ensuring effective management of the housing register and the early detection of possible fraud	£3,500	£3,500	£3,500
15	Housing Needs	Benefit and Debt Advice Officer(s) Required to address R8 of AC report: developing a systematic approach to the early and proactive provision of welfare benefit and debt advice. Scale 6/ SO1 x 1 £31kx1	£31,000	£15,500	£0
19	Housing Needs	Medical assessments Required to provide independent assessment for medical priority.	£6,000	£6,000	£6,000
21	Sheltered Schemes	Publicity To address need for leaflets, signage and marketing initiatives identified in the Supporting Housing Improvement Plan. Open days, information literature etc. This should be part of a Corporate Publicity Strategy.	£7,500	£7,500	£7,500
28	Tenant Liaison & Consultation	Housing for You Newspaper Cost of 3 extra newspapers increasing issue from 3 to 6 times per annum	£13,500	£9,000	£5,000
29	Tenant Liaison & Consultation	Housing for You Newspaper Delivery costs of additional 3 newspapers	£9,000	£6,000	£3,000
33	Tenancy Services	Anti Social Behaviour Required to tackle low level ASB- eg replacing fencing, lighting, bolts, general security to prevent vandalism.	£10,000	£8,000	£5,000
34	Tenancy Services	Anti Social Behaviour Specialist Legal services for ASB this represents 5 cases at £4,000 each for expert advise which may require the use of a barrister.	£20,000	£15,000	£10,000
42	Housing Needs	Lettings Pack Comprehensive lettings pack for all new tenants 700x£10.	£7,000	£7,000	£7,000
50	BMO	MITEL monitoring Provision of monitoring facilities for the BMO team	£2,500	£2,500	£2,500
52	BMO	Administrative Resource Stage 1 complaints, analysis and general support.	£20,000	£15,000	£10,000
53	BMO	Maintenance per annum £1,000 Gateway	£1,000	£1,000	£1,000
54	BMO	Text messaging costs 10p per text or prepurchase 50,000 at £3,500 7p per text.(3 texts per job raised estimate 75-80,000 texts per year)	£6,000	£6,000	£6,000

56	Executive	Executive Assistant/Governance Officer	Additional full time post to work as Executive Assistant/Governance Officer to the 12 members of the Board. This post is necessary due to the increased work load and responsibilities of the SHL Board.	£27,000	£15,000	£15,000
57	HR	Litigation	Legal fees arising from settlement of Eq Pay claim. This does not take account of any settlement falling out of the currently lodged Eq Pay claim. Review annually.	£1,000	£1,000	£1,000
63	Resources	Performance Management and Accountancy Support	Performance management(3 days)/accountancy(2 days) support 1 person at scale 4. Bid is for performance management role only as budget already exists in accountancy for the 2 day role.	£14,000	£0	£0
64	Resources	Accountancy Support	Accountant required for 12 months to support the Financial Services Team to continue to develop and improve Management Accounts information . Assist with Capital Accounting.	£40,000	£40,000	£40,000
65			Additional HR officer/support assistant - learning and development. 12 month contract	£25,000	£0	£0
		Contingency		£40,000		
			Total	£343,000	£217,000	£181,500

APPENDIX G

SHL EFFICIENCY SAVINGS 2009/10			
	Ongoing / One off	POTENTIAL SAVINGS £	SAVINGS ACHIEVABLE £
STAFF STRUCTURE	Ongoing	200,000	95,000
TEMPORARY ACCOMMODATION	Ongoing	117,000	50,000
HOMELESSNESS	Ongoing	103,000	
VALUE FOR MONEY ACTION PLAN			
1. CBL Review including a consortium with North Herts Homes	Ongoing	10,000	10,000
2. Housing Management cost per property. High costs are in Major and Cyclical repairs and responsive repairs administration	Ongoing		
SBC CENTRAL SUPPORT COSTS	Ongoing	75,000	75,000
SHL RESERVES 2009/10	One off	250,000	250,000
SHORT STEEP CLIMB REDUCTIONS	One off		75,000
BMO ACCOMMODATION RATIONALISATION	Ongoing	60,000	30,000
IN HOUSE OUT OF HOURS	Ongoing	75,000	30,000
REVIEW OF 2008/09 BUDGETS	One off	50,000	50,000
TOTAL		940,000	665,000