

HOUSING REVENUE ACCOUNT

ANNUAL ESTIMATES 2009/10

1. INTRODUCTION

1.1 The Housing Revenue Account

This report sets out the estimates for the Housing Revenue Account (HRA). The HRA comprises the revenue expenditure and income arising from the provision of the Council's own housing stock. The HRA is a ring-fenced account. Rents can therefore not be subsidised by council tax and, equally, local authorities are prevented from using rent income to keep council tax levels down. The accounting entries for the HRA are set out in various statutes and associated Regulations and Directions.

Financial Framework for Housing

1.2 The framework for housing finance is set by the government. Important aspects are:

- Housing Revenue Account Subsidy (HRA Subsidy): For each local authority that retains council housing, the government issues "guideline" rents to set assessed rent income and makes an assessment of relative spending needs on management and maintenance, the Major Repairs Allowance and debt charges. The guideline rent element in the HRA Subsidy calculation is based on the assumption that local authorities comply with the staged implementation of the rent-restructuring regime. The surplus between assessed rent and assessed expenditure – the negative figure for HRA Subsidy – has to be paid over to the government "rent pool". The government are currently reviewing the operation and impact of the HRA Subsidy system, and their initial report and consultation paper is expected in spring 2009.
- HRA Business Plan: The HRA Business Plan has a focus on stock maintenance and improvement. Local authorities are expected to work towards the achievement of the Decent Homes standard, and to identify their stock maintenance needs over a 30-year period. The updated HRA Business Plan covering the period 2008-2013 (including the supporting 30-year financial model) was approved by this Committee in September 2008.
- Rent Restructuring: This is the government's system of setting rents based on a formula that takes into account ability to pay, the size of the property, and the value of the property. Rent restructuring covers both the local authority and registered social landlord sectors. The system started in April 2002 and the original intention was to phase it in nationally over a ten-year period. The government made significant changes to the formula in 2006. In November 2008 the government announced that, for 2009/10 only, the date for rent convergence under rent restructuring is extended to 2024/25 (i.e. another 15 years). The government intend to review rent policy in their proposed wider reform (change) of the HRA Subsidy system.

1.3 Taken together, these policies enable central government to exercise significant control over local authority housing. The control is wielded through the use of the HRA Subsidy system, setting stock management standards, regulation and inspection (including the new Tenant Services Authority), and the rent restructuring regime.

1.4 The Minister of Housing announced on 12 December 2007 that there would be a review of the HRA subsidy system. The review is underway and will consider evidence about the need to spend on management, maintenance and repairs, and rent policy. The review will also consider how a self-financing model can be developed for the HRA. The first stage will result in a consultation paper programmed for release in spring 2009.

Transfer to the General Fund

- 1.5 The Council approved a transfer of £3 million from the HRA to the General Fund in 2006/07. This increased General Fund working balances and provided more time to deal with the imbalance between General Fund income and expenditure. In order to reimburse the HRA, special repair and improvement works to the same value (£3 million) are being financed from capital receipts generated from housing asset disposals. This means that the impact on the HRA, and the HRA Business Plan, will be neutral. There is significant expenditure on major repair and improvement programmes (kitchens, etc) and this allows the necessary accounting entries to be made in the 2006/07, 2007/08 and 2008/09 financial years.

2. H.R.A. PROBABLE OUTTURN 2008/09

- 2.1 The actual balance in the HRA on 1 April 2008 was £2,787,330. This is a significant increase over the estimated opening balance of £2,184,278. The increased opening balance arose from a mix of increased income, deferral of planned and cyclical maintenance, and savings in demand related and general expenses during 2007/08. Budgets totalling £622,300 were taken forward to 2008/09 in respect of projects that were not completed in 2007/08.
- 2.2 The original budget for 2008/09 was based on net expenditure of £1,691,800 and this included a large budget for new planned improvement and major repair works. The probable estimate for 2008/09 shows an increase in the net expenditure compared to the original estimate of £477,200 to £2,169,000. After taking into account the budgets carried forward from 2007/08 of £622,300, net expenditure is £145,100 less than the original budget. The main variations are summarised in Table 1.

Table 1 - Major variations to the original H.R.A. budget in 2008/09	
	£000
Management expenses (paragraphs 2.4 to 2.6)	
• Additional income from management fee and grant for tenants survey	(20)
• Housing estate improvements and Careline equipment budgets carried over from 2007/08	42
Mobile Home site, Heathervale (paragraph 2.8)	
• Site redevelopment - budget carried over from 2007/08	91
Housing Repairs (paragraphs 2.9 to 2.12)	
• Savings in annual maintenance & internal decoration programme	(65)
• Special works: Surrey Towers – budget from 2007/08	450
• Re-phasing of the central heating and kitchen upgrade programmes (budget from 2007/08)	39
Rental income (paragraphs 2.7, 2.13 and 2.14)	
• Higher rent debit and decrease in voids	(41)
Interest earned on HRA balances: Higher balances	(15)
Other items	(4)
Variation from original to probable estimate 2008/09	477

- 2.3 This creates a healthy estimated balance in the HRA at March 2009 of £2.749m.

General Management

- 2.4 There is increased income from the agreement with A2 Housing Group to manage properties on their behalf arising from the new properties at Wapshott Road. Although there are some variable costs and an element of opportunity cost in terms of the additional time spent by staff in managing these properties, this provides a welcome additional contribution to the fixed cost of running our housing service.
- 2.5 The DCLG have provided a grant of £8,000 towards the cost of generating information for the new NI 160, 'Local authority tenants' satisfaction with landlord services'. The required survey must use the STATUS standard tenant satisfaction survey method to ensure that authorities, regulators and residents will be able to track results over time. The survey was carried out in-house and, therefore, only the opportunity cost of the additional time spent by the staff on the exercise was incurred.
- 2.6 A budget of £27,900 was carried over from 2007/08 for the new Garfield Road play area. The project was delayed to ensure that there was comprehensive consultation with residents before the works took place.

Hostels

- 2.7 The St Judes hostel is no longer in use. The building has been secured pending a decision on its future use and the use of Queen Elizabeth House. This leaves Ashdene as our only operational hostel. The increased use of Ashdene is reflected in additional net income for hostels of £34,600.

Mobile Home Site, Heathervale

- 2.8 In September 2007 this Committee commissioned a scheme to reconfigure the Heathervale site to provide more family size accommodation. This scheme will provide 6 new units for larger families, these replacing 9 smaller and unsatisfactory units. The reconfiguration will reduce the level of voids in the stock. The cost of the scheme is funded from the sale of plots and older homes at Heathervale (£250,000), with the balance of £55,000 funded from the van renewal budgets for 2007/08 and 2008/09. The sale of the plots yielded a greater receipt than expected, and this reduced the amount needed from the revenue budget accordingly. The probable estimate in 2008/09 for the van renewal budget shows the full £55,000 required in 2008/09. Regrettably, the delay in completing the project has meant that net rent income is lower than expected in 2008/09. However, the overall cost is covered by budgets carried over from 2007/08 of £91,400

Housing Repairs

- 2.9 The HRA repairs budget is by far the largest single service budget that the Council has. The 2008/09 probable estimate comprises expenditure of £6.627m on direct works and £789,000 in related supervision and management costs. The repairs and maintenance budget is consistent with the 30-year maintenance programme contained in the HRA Business Plan.
- 2.10 Officers seek to maximise the benefits of these budgets. In particular, the budgets for major repairs and improvements are actively managed to achieve the most effective long-term use of resources and the best value for money. In a budget of this size and complexity there will inevitably be changes in a single accounting year compared to the original plan. These changes arise because of accommodating newly identified needs and demands, the phasing of major improvement and special work projects, the availability of contractors, and the capacity of in-house staff to manage the mix of works required.
- 2.11 The major repair works to the balconies and associated areas at Surrey Towers is due to be completed in the 2008/09 financial year. The original plan was for these works to span the 2007/08 and 2008/09 financial years. The budget provision in 2007/08 of £450,000 has been carried forward to 2008/09 accordingly.
- 2.12 There are some changes in the phasing of the kitchen upgrades programme and central heating installation programme. The net impact of these changes is met from the budget of £39,000 carried over from 2007/08.

Rental Income

- 2.13 The funds from rental income are simply a product of the number of dwellings managed and the rent charged. From this we deduct the rents that are not collectible because a property is void (that is, not occupied by a tenant).
- 2.14 The original estimate for 2008/09 assumed 5 right-to-buy sales. There have been 2 sales up to Christmas 2008 (there were only 2 sales in 2007/08). The increased stock, coupled with a slightly higher average rent than forecast, increases the rent roll in 2008/09. A further beneficial factor in the rent income in 2008/09 is the lower net level of income lost on void properties, in particular at Ashdene (see paragraph 2.7).

3. H.R.A. ESTIMATES FOR 2009/10

Basis of Estimates

- 3.1 The estimates take account of the proposed increases in housing rent levels and other charges, details of which are set out in this report.

Housing Stock and Sales

- 3.2 There continues to be a low volume of enquiries from tenants. For 2009/10 a sales level of 5 properties has been assumed.
- 3.3 The impact of decanting the remaining properties on the Wapshott estate is factored into the estimates.
- 3.4 The feasibility study for redesign and/or redevelopment options at Ashdene is scheduled for 2009. The estimates are based on the current arrangements for Hostels remaining in place throughout 2009/10.

Management Expenses (General and Special Services)

- 3.5 In common with other services, the estimates reflect the considerable changes in the amount and incidence of overheads as a result of new ways of working associated, in particular, with the civic offices development.
- 3.6 The detailed estimates were based on a July 2009 pay award of 3%. The assumption for the July 2009 pay award has been changed to 2%, and the salaries line in the General Management Expenses budget has been adjusted to reflect the estimated total reduction in cost (£10,000) to the HRA from this change.
- 3.7 The budgets for heating and lighting of communal areas are based on current energy tariffs, modified to allow for a modest forecast reduction in energy costs.

Supporting People

- 3.8 The Supporting People arrangements commenced in April 2003. The cost of providing support to tenants of sheltered dwellings, and of community alarms to tenants generally, is partly met from the Supporting People budget held by Surrey County Council (the "administering authority"), and from charges to tenants. Tenants in receipt of housing benefit or who otherwise qualify through the "fair charging" framework do not pay a charge. Also, tenants that have used these services prior to April 2003 continue to be eligible for the transitional protection arrangements.
- 3.9 Income for 2009/10 from the Supporting People fund is based on the draft proposal received from Supporting People team in the autumn 2007, adjusted for known changes in eligibility. From April 2009 the government intend to direct supporting people funding through the new Local Area Agreement framework by way of a new area based grant. The implications of this change are uncertain.

- 3.10 The Supporting People budget also shows the impact of the closure of the Pinefields sheltered housing scheme, the slower than anticipated trend towards new users paying for their own support services, and the upgrade to the community alarm network for council properties approved by this Committee in September 2007.

HRA Subsidy

- 3.11 The estimates have been constructed using the HRA Subsidy Determination for 2009/10 issued by the government on 18 December 2008. Most of the components in the calculation are fixed in order to give local authorities certainty over their subsidy entitlement.
- 3.12 The rent element is the largest factor in the calculation of HRA Subsidy. The government rent setting policy is to increase rents nationally by inflation plus 0.5%. The formula uses the Retail Prices Index for September, which in September 2008 is 5.0%. Rents are also expected to increase over time to move gradually towards the government set "formula" rent for each property (this process is called "rent convergence"). For 2009/10 only, the government are extending the date for rent convergence to 2024/25 (i.e. another 15 years). The reason for this significant time extension is that the government wish to keep the rent increase for tenants at as low as possible (no more than 7% for any property). Because inflation is currently high – the inflation figure used in the rent restructuring formula for 2009/10 is 5% – this leaves very little scope to move towards the target (formula) rent whilst keeping the percentage rent increase within the government maximum. Hence, the element of rent increase for rent convergence has to be small and this means that this process will take a long time. The government state that if inflation falls next year, then the date for rent convergence will then be brought forward. This complexity is unhelpful in explaining how rents are set.
- 3.13 The net impact of this complex system is that HRA Subsidy determination assumes that the average rent increase for 2008/09 in Runnymede will be 6.10%. This means that, after adjusting for changes in stock, the HRA will pay the government 6.10% extra through the rent element of HRA Subsidy. The HRA Business Plan assumes conformity with the government rent setting regime. Therefore, as with the rents set for previous years, the rent charged to tenants will broadly match the government set assumption.
- 3.14 There are no major changes to the other components of HRA Subsidy for 2009/10.
- 3.15 A comparison of the HRA Subsidy calculation for 2008/09 and 2009/10 is set out in Table 2:

Table 2 - Comparison of HRA subsidy entitlement: 2008/09 to 2009/10		
	Probable 2008/09	Estimate 2009/10
	£000	£000
Expenditure allowances		
Management allowance	1,421	1,478
Maintenance allowance	3,121	3,241
Major repairs allowance	2,176	2,235
Other allowances	37	38
Total expenditure allowances	6,755	6,992
Total assumed income	12,721	13,344
HRA Subsidy entitlement	(5,966)	(6,352)

- 3.16 The cash increase in the allowances per dwelling in the determination for management (5.37%), maintenance (5.20%) was marginally better than expected in our HRA Business Plan, but the increase in the major repairs allowance (3.95%) was disappointing. These increases in our 'spending allowances' are significantly lower than the government assumed rent increase of 6.10%. The main reason is that the government use the Treasury set "Gross

Domestic Deflator” (GDP) factor as a proxy for inflation when setting the spending allowances. The GDP used in the spending allowances for 2009/10 is 2.75% and this significantly under-provides for inflation. It obviously does not match the inflation figure (5.0%) used in setting rent in the government formula. However, on a modest scale, our entitlement to the spending allowances marginally benefited from other factors used in the calculation.

- 3.17 The net impact of the increase in expenditure allowances for 2008/09 (overall about 4.2%) is that they do not fully compensate for real inflation. The increase in the assumed rent income is 6.10%. Therefore, the cash amount paid to the government has again increased in real terms.
- 3.18 The net result of the HRA subsidy calculation is a large negative amount. This negative amount – £6.35m in 2009/10 - must be paid to the government. Nationally the money collected by the government from negative subsidy authorities (like Runnymede) now exceeds the resources paid to the dwindling number of authorities that receive HRA subsidy. In 2008/09 the national ‘surplus’ was estimated at £200m, and this ‘surplus’ will inevitably increase in 2009/10.
- 3.19 Our HRA Business Plan concluded that the medium-term impact of underfunding the proposed level of expenditure on stock management and maintenance is that the HRA will eventually become financially unsustainable. The only alternative – of living within reduced real terms resources and gradually running down housing stock – is even more unpalatable. This shortfall in government spending allowances was recognised in the HRA Business Plan. The Business Plan made it clear that the long term financial and operation health of the HRA depends on a fair funding settlement from the government. The outcome of the current HRA review will be crucial in assessing whether this will be delivered.

Major Works Programme

- 3.20 The budget for 2009/10 includes the following other major works:

Table 3 - Major Works Budget for 2009/10	
	£000
Major Structural Works	
Property enhancement initiatives (e.g. extensions, conversions, etc.)	82
Decent Homes – Miscellaneous additional works to achieve standard	41
Health and safety – various works and training initiatives	52
Condition Surveys	
Electrical surveys	50
Other stock condition surveys, consultancy support and software	17
Internal Works Programme	
Electrical works (e.g. rewiring, upgrading supply, etc.)	257
External Works Programme	
External works to dwellings (e.g. roofs, windows, doors)	283
External works to other areas (e.g. parking areas, communal aerials, lighting)	26
Total Special Works budget in 2009/10	808

Kitchen and Bathroom Programme

- 3.21 The kitchen and bathroom programme is the current major integrated programme to improve our housing stock. The estimated cost of this programme is factored into the HRA Business Plan. The planned expenditure on the programme is illustrated in Table 4:

Year No	Year	Expenditure
		£000
1	2006/07	807
2	2007/08	570
3	2008/09 (estimate)	2,024
4	2009/10 (estimate)	1,435
5	2010/11 (estimate)	620
Total		5,456

4 RENT REVIEWS

4.1 A paper that explains the setting of the “formula rent” for a dwelling follows this report.

Current Runnymede rent levels

4.2 The average formula rent in Runnymede for 2008/09 is £88.20. The average rent in Runnymede is currently £82.20 a property (6.8% lower than the formula rent). No tenant is paying more than the formula rent for their home, and some tenants are currently paying substantially less than the formula rent.

Rent setting proposals from 2009/10

4.3 The government stated wish is to protect tenants from both high and variable increases in inflation, while continuing to deliver their rent convergence policy. The government have based their HRA subsidy determination on an average rent increase for each local authority of 6.2% in 2009-10 – the figure for Runnymede is marginally lower at 6.1%. They have also announced that the average rent increase assumed in 2010-11 will be 6.1%. A limit on rent increases above 7% has also been set.

4.4 Officers have carefully considered the options available for the April 2009 rent increase. The preferred method is to keep the percentage rate of increase as stable as possible. This gives tenants a degree of certainty (subject to any further government changes) and is consistent with the assumption made in the HRA Business Plan. The estimates are based on rents being increased by a flat rate **6.10%** in April 2009 for all tenants. No tenant will pay more than the Formula Rent level for their property.

4.5 Table 5 shows the average rent levels, including the impact of adjustments for rent restructuring on average rents, for 2009/10.

No. of Beds	Average weekly rent 2008/09	Inflationary increase (5.00%)	'Formula' increase (1.10%)	Average weekly rent 2009/10
	£	£	£	£
Bedsit	49.91	2.50	0.54	52.95
1 Bed	69.87	3.49	0.77	74.13
2 Bed	83.31	4.16	0.92	88.39
3 Bed	91.65	4.58	1.01	97.24
4 Bed	99.30	4.97	1.09	105.36
5+ Bed	120.13	6.01	1.32	127.46

- 4.6 These increases result in an average rent in Runnymede of £87.31 in 2009/10. This compares to the average Formula Rent of £93.17.

5 OTHER HRA RENTS AND CHARGES

- 5.1 Rents and charges are set out in the schedule that follows the draft estimates. The additional income generated from these increases is included in the estimates for 2009/10.

Tenant Service Charges

- 5.2 Government policy is that services that are over and above that required for general management and maintenance are separately identified and charged to tenants. Local authorities retain discretion to decide what services it is appropriate to charge for. A modest set of service charges was introduced in April 2005. The additional service charge introduced at the Garfield Road estate in 2007 to pay for the community warden service was not popular with tenants and the service was discontinued in January 2008.
- 5.3 The government expects authorities to increase service charges by no more than inflation plus 0.5% unless there are clearly identified reasons for a change (e.g. different level of service, energy price increases). Therefore, an increase of 5% (matching inflation) has been used as from April 2009.

Heating and Hot Water charges

- 5.4 Charges are made for heating and hot water at sheltered dwellings that do not have separate meters. The charges at Beomonds and Floral House cover heating and hot water. The charge at Heatherfields covers heating only as the hot water supplies are separately metered. All three schemes have gas boilers.
- 5.5 Members will be aware that energy prices have been volatile in recent years. In response to energy price increases, charges were increased by 10% in April 2007. Regrettably, this assumption underestimated the impact of energy price increases and our charges are now out of step with costs. In 2007/08, the cost of gas attributable to the dwellings was £39,000, whilst net income was £30,800. Charges in 2007/08 alone would have had to be 26% higher to fully recover costs.
- 5.6 Last year it was hoped that energy prices would at least stabilise and an inflation only increase of 3.9% from April 2008 was used. Regrettably, this assumption was again far too optimistic. There have also been further price rises announced by the gas companies on the tariffs applying through 2007/08. For instance, British Gas announced price increases of 30% in July 2008. Although the Council is able to buy energy supplies in bulk, we are not immune to these price increases. Therefore, the gap between the cost of fuel and charges made to tenants will be wider in 2008/09. However, there is a prospect that energy prices will moderate over the next year, although this can not be assured.
- 5.7 Therefore, there needs to be a significant increase in heating and hot water charges to reach the position of income meeting the cost of energy supplies. Officers consider that it will be appropriate to phase in the increases to moderate the impact on tenants, and to allow for the possibility that energy prices will fall over the next year. The following table shows the current and proposed charges:

	Current charges		New Charges (£)		Increase
	Weekly	Annual	Weekly	Annual	%
Beomonds	£5.40	£280.80	£7.50	£390.00	38.90
Floral House	£5.40	£280.80	£7.50	£390.00	38.90

Heatherfields	£4.00	£208.00	£4.75	£247.00	18.75
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- 5.8 The increased charges can be contrasted with the winter fuel allowance of £250 to households with a person aged 60 to 79, and £400 for people aged over 80.

Garage Rentals

- 5.9 There are 1,269 garages available for rent. Rents were set at £8.00 per week from April 2008. The charge for 2009/10 is increased by 50p bringing the charge to £8.50 per week from the first rent week in April 2009. Garages remain popular and Officers believe that the increase will not meet with any significant customer resistance.

Use of Guest Bedrooms

- 5.10 A charge is made for the use of guest bedrooms in sheltered accommodation. This charge had fallen out of step with the value offered by this facility, and an increase of £1.50 to £8.00 a night was made in April 2008. The estimates are based on a £1.00 increase to £9.00 a night from April 2009.

Heathervale Way Mobile Home Site

- 5.11 The new site reconfiguration scheme, involving the introduction of larger family homes, is now complete. A revised charging structure was approved last year to recognise the changes and improvements in facilities. The estimates assume a 6.10% increase (to match that for other dwellings) effective from the first rent week in April 2009:

	Plots	2008/09 £	2009/10 £
Site rents	68	24.50	26.00
Single room mobile homes	11	42.25	44.80
Double room mobile homes	6	63.00	66.85

Rents of Shared Ownership Properties

- 5.12 Agreements for shared ownership properties provide for a reasonable yearly rent to be charged. These rents were originally fixed by reference to the equivalent Council rents, making appropriate deductions for the maintenance liability falling on the tenant. The rental element for shared ownership properties is now increased in line with that applied to Council properties (6.10% for 2009/10).

Tenants Responsibility for Repairs

- 5.13 Tenants are advised of the estimated cost of repairs for which they are responsible and must make prepayment on the basis of the estimate if they need the Council to carry out the work. The charge of £50.00 introduced in 1998 for tenants who break agreements to make available access to Council repairing and servicing staff and contractors has proved useful. To enable the policy to be operated fairly, the Director of Housing and Community Services has authority to waive or increase the charge where circumstances require. The charge is levied in cases such as breaking appointments for the servicing of gas appliances, etc.

6. H.R.A. - CONCLUSION

- 6.1 The government rent restructuring rules will mean that the average Runnymede rent increase will be above inflation for a number of years. The increase of 6.10% for 2009/10 matches the assumption used by the government in setting HRA Subsidy. It is proposed to apply the increase on all properties equally. No tenant will pay more than the Formula Rent level for their

property, and some properties still have rents that are well under their target rent. The rent proposals are consistent with the long-term assumptions set out in the HRA Business Plan.

- 6.2 The planned major repair and improvement programmes for 2009/10 are in accordance with the HRA Business Plan and can be met in full from the available resources.
- 6.3 The budget will leave the HRA with a balance of £2.6m at the end of the 2009/10 financial year. This is in line with the financial projections made in the HRA Business Plan.
- 6.4 There are a number of significant demands on the HRA in addition to the normal demands for major repair and improvement works:
- The major programme for kitchen and bathroom improvements.
 - The implementation of the other elements of the major repair and improvement programme set out in the HRA Business Plan and agreed as part of the stock option appraisal process.
- 6.5 There are also significant redevelopment proposals that cannot be funded from within the HRA Business Plan, but that require significant investment to deliver:
- Improvements to hostel accommodation
 - Review of sheltered accommodation (Beomonds)
- 6.6 Although the healthy level of the HRA balances gives the Council some welcome flexibility, they are not nearly sufficient to allow the major estate redevelopments to be wholly financed from within the HRA.

SETTING THE RENT OF EACH DWELLING

Step 1 - calculate the 2000-01 formula rent for each dwelling

The 2000-01 formula rent =

Earnings Element (affordability) – 70% of the rent is based on relative local earnings (70% x *bedroom weight x national average rent in April 2000 x relative county manual earnings*)

+

Property Element to take account of the size, location and condition of property – 30% of the rent is based on relative property values (30% x *national average rent in April 2000 x property value relative to national average property value in January 1999*)

A **bedroom factor** is applied to the earnings element so that smaller properties have lower rents.

The following table sets out the data used in the rent restructuring formula:

Data used in the rent restructuring formula			
Bed weights			
1	0.90	National average property value, Jan 1999	
2	1.00	£49,750	
3	1.10		
4	1.20	National average rent, April 2000	
5	1.30	£54.62	
6+	1.40		
Bedsits	0.80		
HMOs	1.00		

The factors in the calculation are set using base data to devise an assumed rent (the Formula Rent) for each dwelling. The base data uses information set in 2000, to achieve a Formula Rent as at April 2000.

Step 2 - uplift the 2000-01 formula rent of each dwelling to its April 2008 value

To do this, multiply the 2000-01 formula rent by 1.307711268. This is the product of the new uplifts shown in the following table: 1.043 x 1.022 x 1.022 x 1.033 x 1.036 x 1.032 x 1.041 x 1.044 x 1.055 = **1.3796358774**.

Uplifts			
Uplifts to	Inflation (a)	Real increase	Total
2001-02	3.3%	1.0%	4.3%
2002-03	1.7%	0.5%	2.2%
2003-04	1.7%	0.5%	2.2%
2004-05	2.8%	0.5%	3.3%
2005-06	3.1%	0.5%	3.6%
2006-07	2.7%	0.5%	3.2%
2007-08	3.6%	0.5%	4.1%
2008-09	3.9%	0.5%	4.4%
2009-10	5.0%	0.5%	5.5%

(a) Inflation is measured by using the increase in the RPI All Items at September of previous year.

Example of rent setting – Three-bed council house

The example uses the following data:

Valuation Data

- Local property valuations were carried out by the Valuer to the Council and are as at January 1999. The value is the open market value of the property, assuming vacant possession and continued residential use. The value used in this example is £100,000
- National average Council house value is £49,750 (set by the government)

Earnings Data

- National average rent at April 2000 is £54.62 (set by the government)
- National Average Manual Earnings = £316.40 a week (set by the government)
- Surrey Average Manual Earnings = £333.20 a week (set by the government)

Earnings Element

70% of the rent is based on relative local earnings. The stages in the calculation are:

1. 70% of national average rent: $70\% \times £54.62 = £38.23$
2. Take account of relative local (Surrey) earnings: $£38.23 \times (£333.20/£316.40) = £40.26$
3. Apply the bedroom factor: $£40.26 \times 1.10 =$
£44.29 for the Earnings Element at April 2000

Property Element

30% of the rent is based on relative property values. The stages in the calculation are:

1. 30% of national average rent: $30\% \times £54.62 = £16.39$
2. Take account of relative local (Surrey) property values: $£16.39 \times (£100,000/£49,750) =$ **£32.94 for the Property Element at April 2000**

The Formula Rent for this property, at April 2000, is therefore **(£44.29 + £32.94) = £77.23**

Formula Rent

The annual increases in the Formula Rent set by the government are:

Formula Rent as at 1st April		
	Total increase	Rent
April 2000	-	£77.23
April 2001	4.30%	£80.55
April 2002	2.20%	£82.32
April 2003	2.20%	£84.13
April 2004	3.30%	£86.91
April 2005	3.60%	£90.04
April 2006	3.20%	£92.92
April 2007	4.10%	£96.73
April 2008	4.40%	£100.99
April 2009	5.50%	£106.54

This is the same as multiplying the Formula Rent at April 2000 (£77.23) by the uplift factor of **1.3796358774**.

The Formula Rent of the property in April 2009 is therefore £106.54

HOUSING REVENUE ACCOUNT

ESTIMATE FOR THE YEAR ENDING 31st MARCH 2010

	<u>2007/08</u> Actual £	<u>2008/09</u> Estimate £	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
<u>Expenditure</u>				
General Management	1,144,081	1,316,700	1,240,400	1,268,300
Special Services Management	505,097	590,200	622,900	610,800
Supporting People for Council Tenants	126,426	144,500	186,000	175,600
Hostels	50,813	60,700	66,400	71,300
Mobile Home Site (Net)	(23,719)	(41,100)	43,100	(44,100)
Housing Repairs	4,987,080	6,977,800	7,416,200	5,772,900
Sale of Council Houses Administration	0	0	0	0
Mortgage Administration	5,550	5,700	4,700	4,800
Other HRA Expenditure	163,280	196,200	196,200	202,000
Housing Revenue Account Subsidy	5,363,289	5,957,800	5,965,700	6,352,400
Total Expenditure	12,321,897	15,208,500	15,741,600	14,414,000
<u>Income</u>				
Rent From Dwellings	12,410,132	12,791,100	12,817,400	13,522,200
Rent From Garages	489,887	490,700	494,800	525,700
Non-dwelling Rents and Income	174,304	138,400	149,600	141,600
Interest on Mortgages	4,634	3,300	2,800	1,700
Interest on Balances	138,687	93,200	108,000	80,000
Total Income	13,217,644	13,516,700	13,572,600	14,271,200
Surplus (Deficit) in the Year	895,747	(1,691,800)	(2,169,000)	(142,800)

HOUSING REVENUE ACCOUNT WORKING BALANCE

	<u>2007/08</u> Actual £	<u>2008/09</u> Estimate £	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
Balance Brought Forward	1,800,578	2,184,278	2,787,330	2,749,130
Add surplus (less deficit) in the year	895,747	(1,691,800)	(2,169,000)	(142,800)
<u>Add Major works financed from capital receipts.</u>	91,005	905,000	2,130,800	0
Balance Carried Forward	2,787,330	1,397,478	2,749,130	2,606,330

GENERAL MANAGEMENT

ESTIMATE FOR THE YEAR ENDING 31st MARCH 2010

	<u>2007/08</u> Actual £	<u>2008/09</u> Estimate £	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
<u>EXPENDITURE</u>				
<u>Employees</u>				
Salaries (note 3)	442,470	463,000	475,000	493,700
Additional employer pension contributions (note 4)	0	47,000	0	0
July pay award provision changed to 2%				(10,000)
Training and Recruitment	10,106	13,100	13,100	13,400
<u>Premises Related Expenses</u>				
Council Tax - Empty Dwellings (note 5)	1,604	10,500	4,500	4,500
<u>Transport Related Expenditure</u>				
Travelling and Subsistence	15,731	15,900	15,900	17,000
<u>Supplies and Services</u>				
General Office Expenses (note 6)	62,239	56,300	46,300	48,500
Communications & Computing	20,841	34,000	34,000	34,000
Payment of Rent - Collection fees	16,301	17,000	16,000	16,500
External audit fees (note 7)	13,263	3,000	10,200	11,200
Legal and other expenses	22,018	21,800	21,700	22,300
Insurance (note 8)	92,081	105,100	101,500	107,900
Removal & Disturbance Expenses	29,000	50,000	50,000	50,000
Medical Expenses	4,985	5,000	5,200	5,300
<u>Support Services</u>				
Financial Services (notes 9)	173,136	174,600	174,600	190,300
Information Technology (note 10)	110,300	127,000	122,500	121,500
Personnel Services	5,700	5,700	5,700	6,500
Office Accommodation (note 11)	44,000	57,600	60,100	60,100
Customer Services	33,000	42,000	42,000	43,200
Legal and Administration Services	67,700	74,300	74,300	74,400
Technical Services	600	600	600	1,200
Committee Servicing	26,600	30,800	31,200	31,900
Central Expenses Allocation	29,100	35,200	32,000	32,900
Gross Expenditure	1,220,775	1,389,500	1,336,400	1,376,300
<u>INCOME</u>				
Legal Expenses Recovered (note 12)	12,770	7,000	10,000	10,000
A2 Dominion Group, Management Fee (note 13)	63,924	65,800	78,000	98,000
Grant towards cost of Tenants survey (note 14)	0	0	8,000	0
Gross Income	76,694	72,800	96,000	108,000
Net Expenditure	1,144,081	1,316,700	1,240,400	1,268,300

GENERAL MANAGEMENT

SERVICE DESCRIPTION

Budget Manager:	Director of Housing and Community Services - Mrs D. Blowers
Service Function:	General Management of the Council's housing stock including <ul style="list-style-type: none"> - Policy and Management - Tenancy Applications and selection of Tenants - Rent Collection and accounting
Legal Status:	Sections 20 - 27 of the Housing Act 1985.
Policy Objectives:	Set out in the HRA Business Plan and the Strategic Plan.

BUDGET VARIATIONS

	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
1 2008/09 Original Estimate	1,316,700	1,316,700
2 Allowance for pay & price inflation		38,200
3 Salaries - Full allocation of employers pension costs	12,000	12,000
4 Employers pension contributions reallocated throughout HRA budgets	(47,000)	(47,000)
5 Reduced council tax payable on empty stock awaiting redevelopment	(6,000)	(6,000)
6 Reduced franking machine recharge (offset by new post room charge)	(11,000)	(11,800)
7 External audit: Fee for auditing HRA subsidy claim forms	7,200	8,000
8 Insurance: Change in premium and better claims experience	(3,600)	
9 Financial Services: Internal audits on Right-to-Buy and Northgate housing system scheduled for 2009/10		7,800
10 Information Technology - new charging mechanism		
Computer services (especially capital charge for servers)	(16,500)	(21,800)
Post room charge replaces franking machine (see note 6)	12,000	12,600
11 Office Accommodation - revised allocation for new office	2,500	800
<u>Income</u>		
12 Increased Legal fees income reflects increased recovery activity	(3,000)	(3,000)
13 Increased income arising from new A2 Dominion managed properties	(12,200)	(32,200)
14 DCLG grant in 2008/09 only to cover cost of tenants survey	(8,000)	
Other net changes	(2,700)	(6,000)
2008/09 Probable Outturn	1,240,400	
2009/10 Estimate		1,268,300

SERVICE STATISTICS

	<u>2007/08</u> Actual	<u>2008/09</u> Estimate	<u>2008/09</u> Probable	<u>2009/10</u> Estimate
Average Management cost per dwelling	£371	£434	£409	£423

SPECIAL SERVICES MANAGEMENT

ESTIMATE FOR THE YEAR ENDING 31st MARCH 2010

	<u>2007/08</u> Actual £	<u>2008/09</u> Estimate £	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
<u>EXPENDITURE</u>				
<u>Employees</u>				
Managerial and Administrative staff (note 4)	37,200	40,500	41,600	45,700
Scheme Managers (note 4)	36,100	35,300	36,300	37,200
Caretaking & Cleaning				
- Sheltered Flats (note 4)	50,484	48,700	49,200	51,300
- Other Flats (notes 4 - 7)	69,172	81,300	70,000	63,400
<u>Premises Related Expenses</u>				
Communal Heating, Lighting, Insurance & Telephones				
- Sheltered Flats (note 8)	98,180	92,400	115,600	126,300
- Other Flats (note 8)	25,838	29,400	29,000	31,600
Forecourts, Playgrounds, etc. (note 9)	111,926	146,700	142,500	147,600
Tenant Participation	8,347	16,000	16,000	16,000
Tenant Group Initiatives (note 3)	15,990	36,500	64,400	37,600
Heating Costs Subsidy (note 10)	6,830	5,000	5,000	0
<u>Transport Related Expenditure</u>				
Staff Travelling and Subsistence	2,220	2,200	2,200	2,500
Leased vehicles	2,512	2,200	2,500	2,500
<u>Supplies and Services</u>				
Communal Communications	1,322	6,500	6,200	6,200
<u>Support Services</u>				
Financial Services	17,200	18,100	18,100	18,700
Information Technology	5,100	5,800	5,300	5,300
Personnel Services	6,100	5,800	5,800	6,300
Office Accommodation (note 11)	700	8,400	7,500	7,500
Safer Runnymede Recharge (note 12)	11,316	11,400	8,700	8,300
Gross Expenditure	506,537	592,200	625,900	614,000
<u>INCOME</u>				
Guest room rental	1,440	2,000	2,000	2,200
Hairdressing income	0	0	1,000	1,000
Gross Expenditure	505,097	590,200	622,900	610,800

SPECIAL SERVICES MANAGEMENT

SERVICE DESCRIPTION

Budget Managers:	Building Manager (Housing) - Mr A. Davidson Head of Community Services - Mr A. Cryer Tenancy Manager - Mrs J. Margetts
Service Function	Services to HRA tenants including the running costs and management of, plant (e.g. lifts) lighting of staircases and courtyards; caretaking; cleaning and ground maintenance; sheltered accommodation managers; and other services (mainly shared) to HRA tenants.
Legal Status	Sections 20 - 27 of the Housing Act 1985. Housing Act 1985 s27BA (consultation with tenants with respect to management)

BUDGET VARIATIONS

	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
1 2008/09 Original Estimate	590,200	590,200
2 Allowance for pay & price inflation		20,400
3 Budget from 2007/08 brought forward for Garfield Road play area	27,900	
4 Salaries - Full allocation of employers pension costs	4,500	4,500
5 Increased staff wages to cover staff absence	3,000	
6 Community Warden service terminated	(10,900)	(11,200)
7 Caretaking costs charged to A2 Dominion for managed flats	(5,300)	(11,200)
8 Fuel, Light and Water: Cost of fuel price increases	22,600	33,800
9 Reduction in grounds maintenance costs	(4,000)	(3,500)
10 Removal of the housing heating subsidy following the redevelopment of the Wapshott Road estate		(5,000)
11 Office Accommodation - revised allocation to reflect new office	(900)	(1,100)
12 Reduction in line rental costs for CCTV cameras	(2,700)	(3,400)
Other net changes	(1,500)	(2,700)
2008/09 Probable Outturn	622,900	
2009/10 Estimate		610,800

SERVICE STATISTICS

	<u>2007/08</u> Actual	<u>2008/09</u> Estimate	<u>2008/09</u> Probable	<u>2009/10</u> Estimate
Number of Sheltered Housing schemes	5	5	5	5
Number of Sheltered Housing units	221	221	221	221

SUPPORTING PEOPLE (FOR COUNCIL TENANTS)

ESTIMATE FOR THE YEAR ENDING 31st MARCH 2010

	<u>2007/08</u> Actual £	<u>2008/09</u> Estimate £	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
<u>EXPENDITURE</u>				
<u>Employees</u>				
Salaries (note 4)	210,000	210,000	215,700	227,100
<u>Transport Related Expenditure</u>				
Staff Travelling and Subsistence	3,600	3,600	3,600	4,100
Leased vehicles	2,290	1,900	1,900	1,900
<u>Supplies & Services</u>				
Furnishing - Renewals	2,862	21,300	21,300	21,900
Communal Alarm equipment	3,737	10,900	10,900	11,200
Community Alarm System upgrades (note 3 & 5)	23,410	10,000	24,000	7,000
Community Alarm System recharge (note 6)	92,100	90,200	100,500	102,300
<u>Support Services</u>				
Financial Services	3,300	4,600	4,600	4,600
Personnel Services	3,500	3,500	3,500	3,200
Office Accommodation (note 6)	0	12,000	12,400	12,400
Gross Expenditure	344,799	368,000	398,400	395,700
<u>INCOME</u>				
Supporting People Grant	189,985	190,000	190,000	190,000
Sheltered dwellings tenants charges (note 7)	18,455	20,500	18,400	20,600
Charges to clients (note 8)	9,933	13,000	4,000	9,500
Gross Income	218,373	223,500	212,400	220,100
Net Expenditure	126,426	144,500	186,000	175,600

SUPPORTING PEOPLE (FOR COUNCIL TENANTS)

SERVICE DESCRIPTION

Budget Manager: Head of Community Services - Mr A. Cryer

Service Function: To provide support for housing tenants, primarily in our sheltered stock and those using the community alarm scheme.

Legal Status:
 Housing Act 1985 s11A (provision of welfare services)
 Section 128 of the Leasehold Reform, Housing and Urban Development Act 1993.
 Section 2 of the Local Government Act 2000.

Policy Objective: To provide support and to maximise supporting people grant to cover costs.

BUDGET VARIATIONS

	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
1 2008/09 Original Estimate	144,500	144,500
2 Allowance for pay & price inflation		13,700
3 Budget from 2007/08 for Careline equipment upgrade	14,000	
4 Salaries - Full allocation of employers pension costs	5,700	5,700
5 Upgrading of community alarm group schemes completed in 2008/09		(3,300)
6 Community Alarm recharge: Full allocation of overheads	10,300	9,400
7 Reduction in the level of clients contributions	2,100	
8 Charges to clients: Reduced following removal of group scheme units	9,000	3,500
Other net changes	400	2,100
2008/09 Probable Outturn	186,000	
2009/10 Estimate		175,600

SERVICE STATISTICS

	<u>2007/08</u> Actual	<u>2008/09</u> Estimate	<u>2008/09</u> Probable	<u>2009/10</u> Estimate
Numbers of sheltered properties	221	221	221	221
Recipients of Community Alarm service (Including Sheltered Housing tenants)	715	700	680	665

HOSTELS

ESTIMATE FOR THE YEAR ENDING 31st MARCH 2010

	<u>2007/08</u> Actual £	<u>2008/09</u> Estimate £	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
<u>EXPENDITURE</u>				
<u>Employees</u>				
Supervisory Staff (note 3)	4,900	4,300	4,500	4,700
Cleaners (note 4)	2,752	3,500	4,400	5,600
Administrative Staff	12,900	13,700	14,100	14,900
<u>Premises Related Expenses</u>				
Heating and Lighting (note 5 & 6)	8,759	10,400	7,000	8,500
Water charges and Council Tax (note 7)	5,683	8,800	6,000	6,300
Cleaning Materials/Window Cleaning	873	1,200	900	900
Grounds Maintenance	500	500	500	500
<u>Transport Related Expenditure</u>				
Car Allowances	1,300	1,400	1,400	1,300
<u>Supplies and Services</u>				
Furniture and Equipment	2,653	1,500	1,500	1,600
Telephones etc.,	493	300	400	500
Premises security fees (note 8)	0	0	10,400	10,800
<u>Support Services</u>				
Financial Services	3,300	3,600	3,600	3,500
Information Technology	100	100	100	100
Personnel Services	900	900	900	1,100
Office Accommodation	1,300	5,200	5,400	5,400
Customer Services	3,900	4,800	4,800	5,000
Legal and Admin Services	500	500	500	600
Gross Expenditure	50,813	60,700	66,400	71,300

Note

The cost of maintaining and repairing the Hostels are included within the Housing Repairs Account, and rental income is shown within the HRA Rent Income budget.

HOSTELS

SERVICE DESCRIPTION

Budget Manager: Housing Needs Manager - Mrs J. Stephens

Service Function : Temporary accommodation hostels for the homeless at St Jude's Cottage and Ashdene in Englefield Green.

Legal Status : Housing Act 1996, Part VII - Duties towards Homeless People.

BUDGET VARIATIONS

	<u>2008/09</u> Probable	<u>2009/10</u> Estimate
	£	£
1 2008/09 Original Estimate	60,700	60,700
2 Allowance for pay & price inflation		2,100
3 Salaries - Full allocation of employers pension costs	700	700
4 Increased costs for cleaning post following new appointment	900	1,800
5 Reduced cost of utilities as St Judes closed (net)	(2,300)	(2,300)
6 Greater than estimated recovery of utility costs at Ashdene due to higher occupancy levels	(3,100)	(2,500)
7 Council Tax: Increased clients payments due to higher occupancy rates	(800)	(800)
8 Cost of securing St Judes pending disposal or re-use	10,400	10,800
Other net changes	(100)	800
2008/09 Probable Outturn	66,400	
2009/10 Estimate		71,300

SERVICE STATISTICS

Number of Hostels	2	2	2	2
Number of rooms	38	38	38	38

MOBILE HOME SITE

ESTIMATE FOR THE YEAR ENDING 31st MARCH 2010

	<u>2007/08</u> Actual £	<u>2008/09</u> Estimate £	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
<u>EXPENDITURE</u>				
<u>Employees</u>				
Salaries (note 3)	22,300	23,500	24,200	25,100
<u>Premises Related Expenses</u>				
Maintenance of Vans & Site	14,963	38,000	38,000	39,100
Fuel, Light, Cleaning & Water	13,471	14,500	14,800	15,500
Rates, Insurance & Telephone	19,224	8,600	8,400	8,500
New Mobile Homes & Redevelopment (note 4 & 5)	0	0	55,000	0
<u>Transport Related Expenditure</u>				
Car Allowances	1,500	1,200	1,200	1,200
<u>Support Services</u>				
Financial Services	3,600	3,700	3,700	3,700
Information Technology	100	100	100	100
Personnel Services	300	300	300	400
Office Accommodation	0	1,000	1,000	1,000
Gross Expenditure	75,458	90,900	146,700	94,600
<u>INCOME</u>				
<u>Fees and Charges</u>				
Sale of Mobile Homes commission	12,760	10,000	10,000	10,000
Site Rents (net of voids) (notes 6 & 7)	64,645	79,000	70,700	83,800
Rent of Mobile Homes (net) (notes 6 & 7)	11,597	30,600	12,000	32,500
Water Charges (note 7)	9,725	11,900	10,400	11,900
Miscellaneous	450	500	500	500
Gross Income	99,177	132,000	103,600	138,700
Net Expenditure	(23,719)	(41,100)	43,100	(44,100)

SERVICE STATISTICS

	<u>2007/08</u> Actual	<u>2008/09</u> Estimate	<u>2008/09</u> Probable	<u>2009/10</u> Estimate
Council owned Mobile Homes	25	17	14	17
Privately owned Mobile Homes	46	51	51	51
Mobile Home rent (council units only)	£40.25	£42.25	£42.25	£44.80
Large Mobile Home rent (council units only)	n/a	£63.00	£63.00	£66.85
Site rent (all mobile homes)	£23.75	£24.50	£24.50	£26.00

MOBILE HOME SITE

SERVICE DESCRIPTION

Budget Manager:	Tenancy Manager - Mrs J. Margetts
Service Function	Supervision, management and maintenance of the Councils Mobile Home Site at Heathervale, providing both private pitches and accommodation for homeless families.
Legal Status	Section 24 of the Caravan Sites and Control of Development Act 1960
Note: The budget for this service does not include the capital charge for the Heathervale Site.	

BUDGET VARIATIONS

	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
1 2008/09 Original Estimate	(41,100)	(41,100)
2 Allowance for pay & price Inflation		3,000
3 Salaries - Full allocation of employers pension costs	700	700
<u>New Mobile Homes & Redevelopment scheme</u>		
4 Budget carried over from 2007/08	91,400	
5 Reduced requirement because of higher value of sale receipts	(36,400)	
<u>Income</u>		
6 Reduced rental income due to delay in completing site configuration (largely attributable to six month lead in for delivery of new vans)	28,500	
7 Rent increase from April 2009		(6,700)
Other net changes		
2008/09 Probable Outturn	43,100	
2009/10 Estimate		(44,100)

HOUSING REPAIRS - MAINTENANCE

ESTIMATE FOR THE YEAR ENDING 31st MARCH 2010

	<u>2007/08</u>	<u>2008/09</u>	<u>2008/09</u>	<u>2009/10</u>
	Actual	Estimate	Probable	Estimate
	£	£	£	£
<u>Planned Maintenance</u>				
Cyclic Works External Decorations (note 4)	236,741	251,100	290,000	335,000
Cyclic Works Communal Decorations	17,758	46,100	46,000	56,600
Cyclic Works OAP Decorations (note 4)	68,639	76,900	40,000	46,300
Annual Maintenance & Inspection (notes 5 - 7)	477,633	571,400	504,700	605,000
Rolling Repairs Programme	38,466	46,100	46,100	46,300
Total Planned Maintenance	839,237	991,600	926,800	1,089,200
<u>Special Works</u>				
Major works (notes 3 & 8)	1,139,901	1,542,000	1,992,000	807,700
Sheltered Scheme works (notes 9)	37,622	40,000	40,000	41,000
Minor works	21,418	35,900	35,900	36,000
Total Special Works	1,198,941	1,617,900	2,067,900	884,700
Total Planned & Special Works	2,038,178	2,609,500	2,994,700	1,973,900
<u>Demand Maintenance</u>				
Houses, Flats and Communal Areas	616,224	604,800	604,800	618,000
Reception Centres	20,474	35,900	35,900	30,900
Garages	27,666	41,000	41,000	36,100
Sheltered Housing	33,774	51,200	51,200	51,500
Total Demand Maintenance	698,138	732,900	732,900	736,500
<u>Major Improvement Schemes</u>				
Central Heating (notes 3 & 9)	348,755	250,000	120,000	150,000
Kitchen & Bathroom Upgrades (notes 10 & 11)	569,940	1,855,000	2,024,000	1,435,000
Total Major Improvement Schemes	918,695	2,105,000	2,144,000	1,585,000
<u>Other Maintenance</u>				
Void Repairs and decoration Allowances (note 12)	405,065	454,100	454,100	402,000
Incentives for Elderly Transfers	43,280	46,100	46,100	51,500
Disabled Conversions (net) (note 13)	192,997	255,000	255,000	211,000
Total Other Maintenance	641,342	755,200	755,200	664,500
Total Maintenance Budget	4,296,353	6,202,600	6,626,800	4,959,900

SEE NEXT PAGE FOR SUPERVISION COSTS

HOUSING REPAIRS - MAINTENANCE

SERVICE DESCRIPTION

Budget Managers:	Head of Tenant Services - Mr I. Blowers Building Manager (Housing) - Mr A. Davidson
Service Function:	To maintain and enhance the condition of the Council's Housing stock.
Legal Status:	Section 11 of the Landlord and Tenants Act 1985
Policy Objectives:	To provide a customer focussed repairs service which maintains and improves the condition of our stock.

BUDGET VARIATIONS

	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
1 2008/09 Original Estimate	6,202,600	6,202,600
2 Allowance for pay & price Inflation		186,000
3 Planned Underspends in 2007/08 brought forward		
Surrey Towers scheme	450,000	
Central heating programme (42-64 Orchard Way)	39,000	
4 Variations to the estimated costs of decoration programmes	2,000	43,000
5 Changes in anticipated annual payments for Gas Servicing contracts	(23,000)	32,000
6 Lower than estimated costs of Mechanical Services contract	(28,000)	(2,500)
7 Lower than estimated costs of Electrical Services contract	(15,000)	(2,000)
<u>Special Works</u>		
8 Special Major Works: Planned programme changes		(780,000)
<u>Major Improvement Schemes</u>		
9 Central Heating main upgrade programme nearing completion	(169,000)	(107,500)
10 Changes in the Kitchen and bathrooms upgrade programme	169,000	(560,600)
11 Transfer of budget from voids as Kitchen works carried out (where needed) during void periods		85,000
<u>Other Maintenance</u>		
12 Reduction in costs of voids now charged to Kitchen programme.		(85,000)
13 Reduction in the level of Disabled Facilities works		(51,500)
Other net changes	(800)	400
2008/09 Probable Outturn	6,626,800	
2009/10 Estimate		4,959,900

HOUSING REPAIRS - SUPERVISION

ESTIMATE FOR THE YEAR ENDING 31st MARCH 2010

	<u>2007/08</u> Actual £	<u>2008/09</u> Estimate £	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
<u>EXPENDITURE</u>				
Salaries (notes 3 - 6)	460,522	491,300	515,500	528,500
Training & Recruitment (incl. H & S training)	4,472	6,200	8,000	8,100
Car Allowances	25,171	24,500	24,500	24,700
Supplies and Services (note 7)	17,366	16,800	18,300	19,100
<u>Support Services</u>				
Financial Services	43,500	51,700	51,700	53,100
Information Technology (note 8)	61,200	75,200	59,900	63,900
Personnel Services	6,300	6,400	6,400	7,100
Office Accommodation (note 9)	30,200	58,000	60,000	60,000
Customer Services	7,800	9,600	9,600	10,000
Legal & Administration Services	4,500	4,700	4,700	4,800
Technical Support Services (note 10)	29,696	30,800	30,800	33,700
Total Supervision Costs	690,727	775,200	789,400	813,000
 Total Maintenance Costs (previous page)	 4,296,353	 6,202,600	 6,626,800	 4,959,900
Gross Housing Repairs Expenditure	4,987,080	6,977,800	7,416,200	5,772,900

Improvement works counting as Capital expenditure

(FOR INFORMATION ONLY)

	<u>2007/08</u> Actual £	<u>2008/09</u> Estimate £	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
<u>Housing Repairs Expenditure</u>				
Special Major works	1,139,901	1,542,000	1,992,000	807,700
Sheltered Scheme works	37,622	40,000	40,000	41,000
Central Heating Programme	348,755	250,000	120,000	150,000
Kitchen & Bathroom Upgrade works (Incl extensions)	569,940	1,855,000	2,024,000	1,435,000
Disabled Conversions (net)	192,997	255,000	255,000	211,000
Total Capital Repairs	2,289,215	3,942,000	4,431,000	2,644,700
Less Major Repairs Allowance (HRA Subsidy)	(2,198,210)	(2,176,400)	(2,176,400)	(2,235,600)
	91,005	1,765,600	2,254,600	409,100
Major repairs to be met from capital receipts	91,005	905,000	2,130,800	0
Major repairs to be met from revenue budget	0	860,600	123,800	409,100

HOUSING REPAIRS - SUPERVISION

SERVICE DESCRIPTION

Budget Managers:	Head of Tenant Services - Mr I. Blowers Building Manager (Housing) - Mr A. Davidson
Service Function:	The cost of supervising the maintenance of the Council's Housing stock.
Legal Status:	Section 11 of the Landlord and Tenants Act 1985
Policy Objectives:	To improve maintenance of the housing stock. To maintain high levels of tenant satisfaction. To achieve and maintain the Decent Homes Standard.

BUDGET VARIATIONS

	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
1 2008/09 Original Estimate	775,200	775,200
2 Allowance for pay & price Inflation		29,500
3 Salaries - Full allocation of employers pension costs	15,100	15,100
4 Salaries - allocated back from Front of House project	5,800	5,800
5 Changes in Salary allocations	3,300	(4,700)
6 Staff training & professional subscription costs	1,800	1,800
7 Cost of broadband connections for Inspectors out-of-office laptops	1,000	1,300
<u>Support Services</u>		
8 Reduced Computer Services & Document Management recharges (especially capital charge for servers)	(15,300)	(13,600)
9 Office Accommodation - revised allocation for new office	2,000	300
10 Energy Management recharge: Increased overheads		1,700
Other net changes	500	600
2008/09 Probable Outturn	789,400	
2009/10 Estimate		813,000

SERVICE STATISTICS

	<u>2008/09</u> Estimate	<u>2008/09</u> Probable	<u>2009/10</u> Estimate
<u>Demand Maintenance</u>			
Number of orders completed	8,500	8,500	8,500
Average cost per order	£86.22	£86.22	£86.65
Average cost per dwelling	£247	£247	£251
<u>Void Repairs</u>			
Voids completed in year	300	300	250
Average cost per void property	£1,384	£1,384	£1,450
<u>Major Works Programmes (Properties improved)</u>			
Upgrading central heating systems	20	15	40
Electrical rewiring programme	250	230	150
Replacement kitchens	220	230	180

SALE OF COUNCIL HOUSES

ESTIMATE FOR THE YEAR ENDING 31st MARCH 2010

	<u>2007/08</u> Actual £	<u>2008/09</u> Estimate £	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
<u>EXPENDITURE</u>				
<u>Employees</u>				
Salaries	5,000	4,900	5,000	5,300
<u>Transport Related Expenditure</u>				
Car Allowances	200	100	100	200
<u>Supplies and Services</u>				
Valuation and Other Fees (note 3)	2,697	3,600	1,800	3,600
<u>Support Services</u>				
Financial Services	2,400	2,400	2,400	2,400
Office Accommodation	2,800	0	400	400
Legal and Admin Services (note 4)	3,000	3,300	3,300	1,500
Technical Services	600	600	600	600
Gross Expenditure	16,697	14,900	13,600	14,000
Charged to Capital Receipts (note 6)	(16,697)	(14,900)	(13,600)	(14,000)
Met by the Housing Revenue Account	0	0	0	0

MORTGAGE ADMINISTRATION

ESTIMATE FOR THE YEAR ENDING 31st MARCH 2010

	<u>2007/08</u> Actual £	<u>2008/09</u> Estimate £	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
<u>EXPENDITURE</u>				
Computer Licence	550	500	500	500
Financial Services (note 5)	4,300	4,500	3,600	3,700
Information Technology	200	200	100	100
Legal Services	500	500	500	500
Gross Expenditure	5,550	5,700	4,700	4,800

TOTAL GROSS EXPENDITURE

5,550

5,700

4,700

4,800

SALE OF COUNCIL HOUSES & MORTGAGE ADMINISTRATION

SERVICE DESCRIPTION

Budget Managers:	Tenancy Manager - Mrs J. Margetts Housing Accountant - Mr C. Mitchell
Service Function	To administer the Right to Buy scheme, mortgages previously granted on sales and the Rents to Mortgages scheme
Legal Status	Part V of the Housing Act 1985, as amended by Part II of the Leasehold Reform, Housing and Urban Development Act 1993.
Policy Objectives:	Process Right To Buy applications quickly and efficiently.

BUDGET VARIATIONS

	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
1 2008/09 Original Estimate	5,700	5,700
2 Allowance for pay & price Inflation		700
3 Reduced provision for valuation fees to reflect fall in level of enquiries	(1,800)	
4 Reduction in Legal Services charge to reflect fall in level of enquiries		(1,900)
5 Reduction in Income Services charge to reflect reduced mortgage numbers and payments	(900)	(900)
6 Variation in Sale of Council House administration costs chargeable to capital receipts.	1,300	900
Other net changes	400	300
2008/09 Probable Outturn	4,700	
2009/10 Estimate		4,800

SERVICE STATISTICS

	<u>2007/08</u> Actual	<u>2008/09</u> Estimate	<u>2008/09</u> Probable	<u>2009/10</u> Estimate
Right to Buy applications received	13	20	10	20
Actual / estimated council house sales.	2	5	5	5
Mortgages (average number)	11	8	8	6
Mortgage interest rate %	6.89%	6.89%	6.30%	5.07%

OTHER HRA. EXPENDITURE

ESTIMATE FOR THE YEAR ENDING 31st MARCH 2010

	<u>2007/08</u> Actual £	<u>2008/09</u> Estimate £	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
<u>HRA PENSION BACKFUNDING</u>	54,300	43,000	43,000	45,000
<u>HRA. LEASED PROPERTIES</u>	919	0	0	0
<u>PROVISION FOR UNCOLLECTABLE RENTS</u>	(17,039)	25,000	25,000	25,000
<u>CONTRIBUTION TO CORPORATE EXPENSES</u>	125,100	128,200	128,200	132,000
Gross Expenditure	163,280	196,200	196,200	202,000

HRA SUBSIDY

ESTIMATE FOR THE YEAR ENDING 31st MARCH 2010

	<u>2007/08</u> Actual £	<u>2008/09</u> Estimate £	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
<u>INCOME ALLOWANCES</u>				
Rental income	12,191,836	12,709,300	12,709,300	13,342,000
Less rental constraint allowance	(84,294)	0	7,900	0
Interest on mortgages	4,741	3,800	3,800	2,200
Total Notional Income	<u>12,112,283</u>	<u>12,713,100</u>	<u>12,721,000</u>	<u>13,344,200</u>
<u>EXPENDITURE ALLOWANCES</u>				
Management & maintenance allowance	4,515,008	4,542,300	4,542,300	4,719,400
Major repairs allowance	2,198,210	2,176,400	2,176,400	2,234,600
Other items	35,776	36,600	36,600	37,800
Total Notional Expenditure	<u>6,748,994</u>	<u>6,755,300</u>	<u>6,755,300</u>	<u>6,991,800</u>
NET HRA SUBSIDY PAYABLE	<u>5,363,289</u>	<u>5,957,800</u>	<u>5,965,700</u>	<u>6,352,400</u>

The above values are based upon the annual HRA Subsidy determinations

OTHER HRA. EXPENDITURE

SERVICE DESCRIPTION

Budget Managers:	Assistant Director of Finance (Revenues & Benefits) - Mr N. Boyd Housing Accountant - Mr C. Mitchell
Service Function	1. To provide assistance to Council tenants to help to pay their rent. 2. The calculation and management of HRA subsidy.
Legal Status	Social Security Contributions and Benefits Act 1992 Part IV of the Local Government and Housing Act 1989

BUDGET VARIATIONS

	<u>2008/09</u> Probable	<u>2009/10</u> Estimate
	£	£
2008/09 Original Estimate	196,200	196,200
Backfunding contribution to pension fund: Annual increase		2,000
Inflationary increase in Corporate Expenses		3,800
2008/09 Probable Outturn	196,200	
2009/10 Estimate		202,000

DWELLING RENTS & SERVICE CHARGES INCOME

ESTIMATE FOR THE YEAR ENDING 31st MARCH 2010

RENTS FROM DWELLINGS

	<u>2007/08</u>	<u>2008/09</u>	<u>2008/09</u>	<u>2009/10</u>
	Actual	Estimate	Probable	Estimate
	£	£	£	£
<u>INCOME</u>				
<u>Rent Debit</u>				
General stock dwellings	12,147,204	12,496,600	12,515,700	13,125,400
Tenants service charges	142,555	149,000	139,200	146,200
Rents of shared ownership properties	203,063	196,200	200,000	204,800
Reception centre rents	143,683	149,500	149,500	158,400
Heating charges	31,375	31,300	31,300	42,300
Gross Rent for Dwellings	12,667,880	13,022,600	13,035,700	13,677,100
<u>Less voids (Rent loss on empty dwellings)</u>				
General stock dwellings	151,995	115,400	136,800	68,100
Tenant service charges	1,475	1,500	1,500	1,500
Reception centres	103,700	113,600	79,000	84,000
Heating charges	578	1,000	1,000	1,300
Total Voids on Dwellings	257,748	231,500	218,300	154,900
Net Rent for Dwellings	12,410,132	12,791,100	12,817,400	13,522,200

DWELLING RENTS & SERVICE CHARGES INCOME

SERVICE DESCRIPTION

Budget Manager:	Head of Tenant Services - Mr I. Blowers
Service Function	The collection of rent and heating charges on dwellings due on Council properties let to residents.
Legal Status	The primary legislation relating to Housing Management and the Collection of Rents are included in sections 20 - 27 of the Housing Act 1985.
Policy Objective:	To maximise rental collection thereby minimising the level of arrears. Implement rent increases in line with the DCLG's Rent Restructuring guidelines. Manage voids to minimise vacancies and loss of income.

BUDGET VARIATIONS

	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
2008/09 Original Estimate	12,791,100	12,791,100
<u>Dwellings</u>		
Rent increase from April 2009 (6.1%)		750,000
Change to rent debit as a consequence of Right-to-Buy sales and redevelopment sites.	19,100	(121,200)
Variations in void levels	(21,400)	47,300
<u>Tenants Service Charges</u>		
Inflationary increase allowed with effect from April 2009		7,000
Community Warden service terminated	(9,800)	(9,800)
<u>DIYSO properties</u>		
Rent increase from April 2009 (6.1%)		11,800
Change in estimated number of units in DIYSO portfolio.	3,800	(3,200)
<u>Reception Centres</u>		
Increased occupancy charges from April 2009		8,900
Reduction in estimated void levels in Reception Centres	34,600	29,600
<u>Heating Charges</u>		
Increase in charges to tenants from April 2009		11,000
Changes in anticipated void levels		(300)
2008/09 Probable Outturn	12,817,400	
2009/10 Estimate		13,522,200

SERVICE STATISTICS

	<u>2007/08</u> Actual	<u>2008/09</u> Estimate	<u>2008/09</u> Probable	<u>2009/10</u> Estimate
Average number of houses & flats	2,971	2,925	2,928	2,891
Average number of void houses & flats	37	27	32	15
Average number of DIYSO properties	95	91	90	87

NON-DWELLING RENTS AND INCOME

ESTIMATE FOR THE YEAR ENDING 31st MARCH 2010

	<u>2007/08</u> Actual £	<u>2008/09</u> Estimate £	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
<u>Rents from Garages</u>				
Gross Rent of Garages	524,144	528,100	528,100	561,100
Voids on Garages	(34,257)	(37,400)	(33,300)	(35,400)
Sub Total - Net Garage Rents	489,887	490,700	494,800	525,700
<u>Non-Dwelling Rents and Income</u>				
Rents of Other Properties	74,706	59,500	59,500	59,500
Commission	279	100	100	100
Leasehold Service Charges	77,138	65,000	65,000	67,000
Mead Court Service Charges	7,811	12,800	23,000	14,000
Defective Housing Subsidy	14,370	0	0	0
Miscellaneous Receipts (e.g. small land sales)	0	1,000	2,000	1,000
Sub Total - Other Rents & Income	174,304	138,400	149,600	141,600
<u>Investment and Mortgage Income</u>				
Interest on Mortgages	4,634	3,300	2,800	1,700
Interest on Balances	138,687	93,200	108,000	80,000
Sub Total - Interest	143,321	96,500	110,800	81,700
Total Non-Dwelling Rents & Income	807,512	725,600	755,200	749,000

NON-DWELLING RENTS AND INCOME

SERVICE DESCRIPTION

Budget Managers:	Head of Tenant Services - Mr I. Blowers Housing Accountant - Mr C. Mitchell
Service Function	The collection of other HRA. Rents and Income
Legal Status	The primary legislation relating to the Collection of HRA income are contained in The Housing Act 1985, and the Local Government and Housing Act 1989.

BUDGET VARIATIONS

	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
2008/09 Original Estimate	725,600	725,600
<u>Garage Rents</u>		
Increased charges April 2009		33,000
Reduction in void garage numbers	4,100	2,000
<u>Leasehold Service Charges</u>		
Increased service charges at Mead Court for works (e.g. decorations & insurance)	10,200	3,200
General leasehold stock - additional sales		
<u>Interest Receivable</u>		
Reduced numbers of mortgages & falling interest rates	(500)	(1,600)
Changes in estimated HRA working balance & interest rates	14,800	(13,200)
Other net changes	1,000	
2008/09 Probable Outturn	755,200	
2009/10 Estimate		749,000

SERVICE STATISTICS

	<u>2007/08</u> Actual	<u>2008/09</u> Estimate	<u>2008/09</u> Probable	<u>2009/10</u> Estimate
Average number of garages	1,287	1,269	1,269	1,269

HOUSING REVENUE ACCOUNT

SUBJECTIVE ANALYSIS

	<u>2007/08</u> Actual £	<u>2008/09</u> Estimate £	<u>2008/09</u> Probable £	<u>2009/10</u> Estimate £
<u>EXPENDITURE</u>				
Employees	1,422,678	1,529,300	1,519,600	1,559,000
Premises Related (Incl. Repairs)	4,629,460	6,621,100	7,134,400	5,402,800
Transport Related	54,524	53,000	53,300	55,400
Supplies and Services	407,918	453,800	480,700	480,400
Support Services	873,448	1,013,700	991,500	1,023,000
Housing Revenue Account Subsidy	5,363,289	5,957,800	5,965,700	6,352,400
Gross Expenditure	12,751,317	15,628,700	16,145,200	14,873,000
<u>INCOME</u>				
Net Rents	13,037,209	13,395,600	13,399,100	14,157,700
Fees and Charges	466,534	444,800	466,300	490,800
Interest	143,321	96,500	110,800	81,700
Gross Income	13,647,064	13,936,900	13,976,200	14,730,200
Net Expenditure	(895,747)	1,691,800	2,169,000	142,800

Expenditure Analysis 2009/10

