

Subsidy 2005/2006

As Housing Benefits have been removed from the HRA, the Authority no longer receives Housing Subsidy and now makes a refund payment to the Office of the Deputy Prime Minister.

The figures below differ from the amounts included in the actual account for the following reasons:-

i) Management and Maintenance Expenses

Subsidy is based on a specified amount per property and takes no account of changes in actual costs charged to the HRA. For 2005/2006 the subsidy will be £771.17 for maintenance and £392.34 for management per dwelling and will be based on stock numbers as at 1 April 2004 of 3,515.

ii) Charges for Capital

50% of the HRA supported capital expenditure for 2004/2005 and 50% of HRA's supported capital expenditure for 2005/2006 to be used in the notional account are specified in the HRA subsidy determinations and, therefore, differ from those used for actual Capital financing. In addition, an allowance is made for debt management expenses and an admissible allowance is given in respect of the minimum revenue provision of 2% which has been abolished.

iii) Rent rebates

Rent rebates are to be charged to the General Fund with effect from 1 April 2004.

However, legislation is still in place to ensure that increased rent rebates due to rent increases above the government limit rents will not attract subsidy. If a subsidy penalty is therefore to be avoided in 2005/2006, rent should not be increased above the limit rent of £45.83 per week based on a 52 week year.

iv) Interest

The notional account only includes interest on mortgages relating to the sale of Council houses.

v) Notional Rent Income

Subsidy calculations are for dwellings only and reflect the Government's guideline rent increases. Subsidy for 2005/2006 will be based on stock numbers at 1 April 2004. The notional rent income will be £2,334.78 per

dwelling (£44.90 per week) less 2% for void dwellings. There is no subsidy provision for income from shops and garages.

The refund to the Office of the Deputy Prime Minister (ODPM) is the difference between notional expenditure and notional income.

1989 Act as amended by Local Government Act 2003	Estimate 2004/2005 £	Estimate 2005/2006
<u>Elements of Subsidy</u>		
<u>Notional Expenditure</u>		
Management Allowance	1,377,200	1,379,100
Maintenance Allowance	2,585,900	2,710,600
Charges for Capital	142,500	143,900
Anti Social Behaviour Allowance	1,000	
Resource Accounting		
<u>Notional Income</u>		
Interest on Receipts	(13,800)	(7,700)
Rent Income	(7,824,200)	(8,042,600)
Refund to ODPM	(3,731,400)	(3,816,700)

The repayment of subsidy for 2005/2006 feeds into the actual HRA in Appendix 1.