

HOUSING REVENUE ACCOUNT

Housing Services Vision and Service Objectives

Vision

Our vision is for a department that: -

- Understands and addresses the ever-changing demands placed onto it from national, regional and sub-regional and corporate agendas.
- Works toward meeting the needs of all tenants, employees, customers and stakeholders through effective consultation and joint working.
- Strives to create sustainable tenancies and to promote balanced local communities.

Service Purpose

- To enable sustainable and inclusive mixed communities and the decent homes standard in all tenures through partnership working.
- To support the council's principal functions of strategic policy, communications and performance.
- To work towards Stock Transfer, in accordance with the Stock Transfer Action Plan and tenants wishes.
- To deliver high quality housing management, services for older people and repairs and modernisation services.
- To strive for continual improvement in current and future service provision, through effective tenant consultation and participation.
- To deliver a high quality homelessness service which focuses on prevention.

Service Objectives

- To ensure the provision of high quality services.
- To manage the Stock Transfer process, ensuring tenants, staff and members are consulted, and supported.
- To actively contribute to the development and implementation of Housing related Strategies and Policies
- To develop and maintain housing management policies and procedures in line with legislation, good practice and the Respect Agenda
- To strive for efficiencies by working with our tenants, contractors and other agencies, and through joint working and the corporate procurement strategy.
- To monitor the delivery of all aspects of performance to ensure all service based and corporate targets are met to ensure continual service improvement.

- To assist in the delivery of all corporate inspection and improvement programmes to inform policy development and review.
- To be locally accountable and accessible, embracing equality and diversity

HOUSING REVENUE ACCOUNT 2008/2009 SUMMARY

	2007/2008 Original Estimate	2008/2009 Estimate	Variance
	£	£	£
<u>NET COST OF SERVICES</u>			
INCOME			
Dwelling Rents	(8,683,300)	(8,633,600)	49,700
Non Dwelling Rents	(267,900)	(277,700)	(9,800)
Charges for Services & Facilities	(542,700)	(638,700)	(96,000)
Supporting People Charges	(482,600)	(501,700)	(19,100)
LSVT contribution	(400,000)	0	400,000
EXCHEQUER SUBSIDIES			
Major Repairs Allowance	(2,024,300)	(2,098,200)	(73,900)
Housing Defects Act 1984	(6,100)	0	6,100
TOTAL INCOME	(12,406,900)	(12,149,900)	257,000
LESS EXPENDITURE			
Housing Mgt	0	0	0
Housing General Management	1,430,700	1,511,300	80,600
Housing Special Services	983,400	951,600	(31,800)
Supporting People	588,400	618,900	30,500
Homeless Accommodation	40,700	39,200	(1,500)
Housing Repairs	2,355,800	2,435,700	79,900
Rents, Rates & Other Taxes	47,500	61,600	14,100
Repayment of Negative Subsidy (gross)	4,104,600	4,616,800	512,200
Capital Financing - depreciation dwellings	2,271,200	2,335,800	64,600
Capital Financing - depreciation other	18,500	20,900	2,400
Bad Debt Provision / Write Offs	10,000	74,600	64,600
HRA Non Distributed costs	9,800	10,000	200
LSVT Expenditure	225,000	25,300	(199,700)
TOTAL EXPENDITURE	12,085,600	12,701,700	616,100
NET COST OF SERVICES	(321,300)	551,800	873,100
Capital Financing Charges	(153,500)	(130,200)	23,300
Mortgage Interest	(4,200)	(3,000)	1,200
Interest on HRA Balances	(60,000)	(70,000)	(10,000)
NET OPERATING EXPENDITURE	(539,000)	348,600	887,600
<u>APPROPRIATIONS</u>			
Capital Expenditure charges to Revenue	150,000	400,000	250,000
Transfer Major Repairs reserve	(265,400)	(258,500)	6,900
(SURPLUS)/DEFICIT FOR YEAR	(654,400)	490,100	1,144,500
Balance at Beginning of Year	(949,400)	(1,467,600)	(518,200)
BALANCE AT END OF YEAR	(1,603,800)	(977,500)	626,300

Housing Revenue Account 2008/2009 - Explanation of Major Variances

Dwelling Rents

Mainly the effect of house sales.

Non Dwelling Rents

Mainly the rent increase on garages.

Charges for Services & Facilities

Mainly due to change in charging method for Leasehold properties which is now based on actual costs incurred and inflation increases on grounds maintenance, heating, concessionary meals & piper lifeline service charges

Supporting People Charges

Mainly due to inflation & a reduction in void rate.

LSVT

Contribution from New Charter for 2007/2008 only.

Major Repairs Allowance

Based on the number of Properties at the 1 April 2007 & allowance per the 2008/2009 subsidy determinations.

Housing Defects

Grant in respect of repairs to concrete houses was payable for 20 years & has now ceased.

Housing Management & Support Services

Increased Employee Expenses owing to pay award & superannuation costs, reappraisal of Central Support charges & matched by increased recharges to other Housing Services

Housing General Management

Increased Employee expenses owing to pay award & superannuation costs, higher property insurance charges, Choice based lettings bid & reappraisal of Central Support charges

Housing Special Services

Mainly due to reduction in electricity and gas budgets following renewal of the contract at a lower price than anticipated last year, reappraisal of Central Support, partially offset by change in the charging method of Central alarm costs between Supporting People & Housing Special & increased Employee expenses.

Supporting People

Increased Employee expenses owing to pay award, superannuation costs & a change in the % allocation of employees time, reappraisal of Central Support charges, partially offset by a change in the charging method of Central alarm costs between Supporting People & Housing Special.

Housing Repairs

Mainly due to inflationary increases on the revenue repairs budget for council properties, reappraisal of Central Support & increased Employee expenses owing to pay award & superannuation costs.

Rents, Rate & Other Taxes

Due to an increase in council tax for void properties.

Repayment of Negative Subsidy

Withdrawal of rental constraint allowance & 2008/2009 subsidy determination calculations (appendix 4).

Depreciation

Increase in depreciation following stock revaluation.

Bad debts

Increase in provision in respect of leasehold properties.

LSVT expenditure

Majority of expenditure in 2007/2008.

Capital Financing Charges

Mainly due to a reduction in the negative capital financing requirement in respect borrowing in 2007/2008

Interest

Additional interest owing to higher interest rates

Capital Expenditure charged to Revenue

To fund Capital Programme

Transfer Major Repairs Reserve

Accounting adjustment for the difference between depreciation & major repairs allowance

R900**Housing Mgt & Support Services**

	Actual 2006-07	Original Budget 2007-08	Original Budget 2008-09
	£	£	£
Direct Expenditure	227,008	185,800	207,800
Less Income	-1,531	0	-1,000
Net Controllable Expenditure/(Income)	225,476	185,800	206,800
Support Costs	112,296	163,600	181,700
Less Recharges To Other Services	-337,772	-349,400	-388,500
Net Non-Controllable Expenditure/(Income)	-225,476	-185,800	-206,800
Net Revenue Budget	0	0	0

R901**Housing General Management**

	Actual 2006-07	Original Budget 2007-08	Original Budget 2008-09
	£	£	£
Direct Expenditure	693,178	725,500	784,600
Less Income	-6,289	-4,300	-6,400
Net Controllable Expenditure/(Income)	686,889	721,200	778,200
Support Costs	701,122	709,500	733,100
Less Recharges To Other Services	-16,891	0	0
Net Non-Controllable Expenditure/(Income)	684,232	709,500	733,100
Net Revenue Budget	1,371,120	1,430,700	1,511,300

R904**Supporting People**

	Actual 2006-07	Original Budget 2007-08	Original Budget 2008-09
	£	£	£
Direct Expenditure	499,608	536,300	555,700
Net Controllable Expenditure/(Income)	499,608	536,300	555,700
Support Costs	51,156	52,100	63,200
Less Recharges To Other Services	-886	0	0
Net Non-Controllable Expenditure/(Income)	50,270	52,100	63,200
Net Revenue Budget	549,878	588,400	618,900

R905**Housing Special Services**

	Actual 2006-07	Original Budget 2007-08	Original Budget 2008-09
	£	£	£
Direct Expenditure	768,045	891,300	864,300
Net Controllable Expenditure/(Income)	768,045	891,300	864,300
Support Costs	85,440	92,100	87,300
Less Recharges To Other Services	-239	0	0
Net Non-Controllable Expenditure/(Income)	85,201	92,100	87,300
Net Revenue Budget	853,246	983,400	951,600

R920**Repair Of Council Houses**

	Actual 2006-07	Original Budget 2007-08	Original Budget 2008-09
	£	£	£
Direct Expenditure	1,879,611	2,248,500	2,311,900
Less Income	-1,153	-700	-700
Net Controllable Expenditure/(Income)	1,878,459	2,247,800	2,311,200
Support Costs	133,637	108,000	124,500
Less Recharges To Other Services	-757	0	0
Net Non-Controllable Expenditure/(Income)	132,880	108,000	124,500
Net Revenue Budget	2,011,339	2,355,800	2,435,700

R930**Homeless Accommodation**

	Actual 2006-07	Original Budget 2007-08	Original Budget 2008-09
	£	£	£
Direct Expenditure	28,439	34,400	34,500
Net Controllable Expenditure/(Income)	28,439	34,400	34,500
Support Costs	5,897	6,300	4,700
Less Recharges To Other Services	-319	0	0
Net Non-Controllable Expenditure/(Income)	5,578	6,300	4,700
Net Revenue Budget	34,018	40,700	39,200

Housing and Health Portfolio

TASK	OUTCOME /OUTPUT	TARGET
Implementation of a 'Scores on the Doors' scheme for food businesses in the Borough.	To improve the service offered to the public and businesses	By end March 2009
Provision of an electronic end-to –end licensing system	To improve the service offered.	Mar-09
Decide upon procurement and delivery of future Homelessness function and implement decision, subject to result of tenants' ballot	To ensure the Council's statutory obligations towards Homelessness under The Housing Act are discharged whilst demonstrating cost effectiveness, customer responsiveness, potential for service improvement, strategic fit and deliverability.	To be confirmed
Produce a revised Housing Strategy, submit to GOEM and implement	Clear strategy that ensures Borough Housing needs are identified and met, consistent with Sustainable Community Strategy.	Submit by end Dec 08
To implement the council's decision with regard to stock transfer in accordance with DCLG guidance, subject to result of tenants' ballot	To develop and deliver a Housing Management Service in accordance with tenants wishes	Dec-08
Integrate Private Sector Housing into P&E	Provision of an integrated service	by end March 2009

Housing and Health Portfolio

Performance Indicator	Ref	Portfolio	Dept/ Section	Lead Officer	Monitoring frequency
% of decent homes achieved in public sector housing	LAA S 7.6a	HH	HSG	PMM	A
For vulnerable households in the private sector, to proportion who live in homes that are in a decent condition	LAA S 7.6b	HH	HSG	PMM	A
Average length of stay in bed and breakfast accommodation of households that are unintentionally homeless and in priority need	LI 057 (BV 183a)	HH	HSG	AHMS	Q
The average length of stay in hostel accommodation of households which include dependent children or a pregnant woman and which are unintentionally homeless and in priority need	LI 058 (BV 183b)	HH	HSG	AHM	Q
Energy Efficiency – the Local average SAP rating of local authority owned dwellings	LI 059 (BV 063)	HH	HSG-PM	PMM	A
Local Authority rent collection and arrears: proportion of rent collected	LI 060 (BV 066a)	HH	HSG-DR	HMDR	Q
Local Authority rent collection and arrears recovery: 7 weeks arrears	LI 061 (BV 066b)	HH	HSG-DR	HMDR	Q
Satisfaction of ethnic minority tenants (excluding white minority tenants) with the overall service provided	LI 062 (BV 074b)	HH	HSG- CHM	HHS	B
Satisfaction of non-ethnic minority local authority tenants with the overall service provided by their landlord.	LI 063 (BV 074c)	HH	HSG- CHM	HHS	T
Satisfaction of tenants of council housing with opportunities for participation in management and decision making in relation to housing services provided by their landlord.	LI 064 (BV 075a)	HH	HSG- CHM	HHS	T
Satisfaction of council housing tenants with opportunities of participation in management and decision making in relation to housing services provided by their landlord.	LI 065 (BV 075b)	HH	HSG- CHM	HHS	T
Satisfaction of ethnic minority council housing tenants (excluding white minority) with their opportunity for participation in management and decision-making in relation to housing services provided by their landlord.	LI 066 (BV 075c)	HH	HSG- CHM	HHS	T

Housing and Health Portfolio

Performance Indicator	Ref	Portfolio	Dept/Section	Lead Officer	Monitoring frequency
Does the Authority follow the Commission for Racial Equality's code of practice in rented housing and the Good practice standards for Social Landlords on tackling harassment included in 'Tackling Racial Harassment' Code of Practice for Social Landlords?	LI 067 (BV 164)	HH	HSG		
Percentage of responsive (but not emergency) repairs during 2007/8 for which the contractor both made and appointment and carried out an abortive call	LI 068	HH	HSG-PM	PMM	Q
Local Authority rent collection and arrears: Rent arrears of council tenants as a proportion of the authority rent roll.	LI 069 (Local 005)	HH	HSG-DR	HMDR	Q
Average time to process homelessness applications	LI 070 (Local 006b)	HH	HSG	AHMS	Q
Average time to re-let local authority housing	LI 071 (BV 212)	HH	HSG-PM	PMM	Q
Average re-let times for Local Authority dwellings let in the financial year exc. Difficult to Lets	LI 072 (Local 007b)	HH	HSG	AHMN	Q
Percentage of responsive (but not emergency) repairs during 2007/08, for which the contractor both made and kept an appointment	LI 073 (Local 008)	HH	HSG-PM	PMM	Q
The percentage of emergency repairs completed within Government time limits.	LI 074 (Local 009)	HH	HSG-PM	PMM	Q
The average time taken to complete non-urgent responsive repairs	LI 075 (Local 010)	HH	HSG-PM	PMM	Q
The percentage of all repairs completed within target times.	LI 076 (Local 011)	HH	HSG-PM	PMM	Q
The percentage change in proportion of non-decent LA homes	LI 077 (BV 184b)	HH	HSG-PM	PMM	A
Refused and deferred houses in multiple occupation (HMO) license applications leading to immigration enforcement activity	NI 012	HH	PEN		Quarterly
Self-reported measure of people's overall health and wellbeing	NI 119	HH	SAP	HSP	Survey
Healthy life expectancy at age 65	NI 137	HH	SAP	HSP	Survey
Number of households living in temporary accommodation	NI 156	HH	SAP		Quarterly
% decent council homes	NI 158	HH	HSG	PMM	A

Housing and Health Portfolio

Performance Indicator	Ref	Portfolio	Dept/ Section	Lead Officer	Monitoring frequency
Local Authority tenants' satisfaction with landlord services	NI 160	HH	HSG- CHM	HHS	Bi-annual
Food establishments in the area which are broadly compliant with food hygiene law	NI 184	HH	PEN	FLHM	Annual
Tackling Fuel Poverty - on income based benefits living homes with low energy efficiency ratings	NI 187	HH	SAP		

Appendix 2

HOUSING REVENUE ACCOUNT - RESOURCE DEVELOPMENT BIDS 2008/09

DESCRIPTION	Ref	2008/09 Net Revenue Bid	2009/10 Net Revenue Bid	2010/11 Net Revenue Bid	2011/12 Net Revenue Bid	2012/13 Net Revenue Bid	TOTAL SCORE
<u>SCHEMES 25 POINTS AND ABOVE</u>		£	£	£	£	£	
Choice Based Lettings	HR1	13,700	4,400	0	0	0	34.00
Total Schemes Added to Budget		13,700	4,400	0	0	0	

HRA CAPITAL PROGRAMME 2007/08 TO 2008/09

HRA HOUSING INVESTMENT PROGRAMME	ORIGINAL ESTIMATE 2007/08	ESTIMATE 2008/09
Renovation of Local Authority Dwellings		
Home Insulation THAWS	400,000	400,000
Roof Replacement Scheme	25,000	88,000
Electrical Works	25,000	55,000
Kitchen Replacement	450,000	280,000
Bathroom Replacement	254,300	152,000
Community Security	0	25,000
Window and Door Replacement	793,000	450,200
External Walls	200,000	45,000
Environmental Works	90,000	45,000
DDA Compliance Works	0	15,000
Welfare Adaptations	160,000	80,000
Elderly Support	30,000	25,000
Passenger Lifts	300,000	52,000
Planned Maintenance Management and Admin	657,000	536,000
LSVT Expenses	410,000	0
TOTAL HRA HOUSING INVESTMENT PROGRAMME	3,794,300	2,248,200

Subsidy 2008/2009

The final subsidy determination for 2008/009 was issued on 1 January 2008, following the draft release on 23 November 2007. This was later than normal due to the later than usual completion of the Comprehensive Spending Review.

The Department for Community and Local Government (DCLG) make the point that the determination is for one year only, providing for the possibility of a wider reform of the Housing subsidy regime.

For 2008/2009 the formula is essentially unchanged from that used in 2007/2008 with the exception that the Rental Constraint Allowance has been removed.

Following the publication of the Draft Subsidy Regulations for consultation we replied that the authority was disadvantaged by the withdrawal of the rental constraint allowance and that it should be retained for authorities who had complied with the 5% rent increase cap in 2006/2007 and 2007/2008. A copy of the reply from DCLG is attached.

In the final determinations issued on 15 January, DCLG state that a significant number of authorities responding to the consultation have expressed concerns at the withdrawal of the rental constraint allowance without a clear indication of what would replace it. It is the DCLG's intention to circulate details shortly that will allow authorities to reassure themselves that any relative movements between constrained and unconstrained transitional rents will be accounted for in 2009/2010.

However, as far as Gedling is concerned, this does nothing to compensate us for the increase in subsidy repayment that we are required to make in 2008/2009.

Nationally, allowances per dwelling are calculated to increase as follows:

- Guideline rents by 7.7%
- Management allowances by 5.4%
- Maintenance allowances by 4.8%

For Gedling Borough Council the actual percentage increase is:

- Guideline rents 5.6%
- Management allowances by 5.6%
- Maintenance allowances by 4.6%

Subsidy Calculation 2008/2009

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 2008/2009 the subsidy will be £962.01 for maintenance and £466.96 for management per dwelling and will be based on stock numbers as at 1 April 2007 of 3,439.

ii) Charges for Capital

50% of the HRA supported capital expenditure for 2007/2008 and 50% of HRA's supported capital expenditure for 2008/2009 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.

iii) Rent rebates

Rent rebates are 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 2008/2009, rent should not be increased above the limit rent of £56.13 per week based on a 52 week year.

iv) Rental Constraint Allowance

This was a new allowance introduced in the HRA Subsidy Determination 2006/2007 amending determination 2006. This provides for the calculation and payment of an offset in the year for authorities who implemented the 5% cap on rent increases. In 2006/2007 the allowance was £108,209 and in 2007/2008 is estimated to be £289,900.

For 2008/2009, the rental constraint has been withdrawn resulting in an increase in the payment the authority has to make to DCLG.

v) Interest

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

vi) Notional Rent Income

Subsidy calculations are for dwellings only and reflect the Government's guideline rent increases. Subsidy for 2008/2009 will be based on stock numbers at 1 April 2007. The notional rent income will be £2,887.69 per dwelling (£55.53 per week) less 2% for void dwellings. There is no subsidy provision for income from shops and garages.

vii) Subsidy to be repaid

1989 Act as amended by Local Government Act 2003	Original Estimate 2007/2008 £	Estimate 2008/2009
<u>Elements of Subsidy</u>		
<u>Notional Expenditure</u>		
Management Allowance	1,529,900	1,605,900
Maintenance Allowance	3,181,100	3,308,400
Charges for Capital	171,700	205,500
Rental Constraint Allowance	289,900	Nil
<u>Notional Income</u>		
Interest on Receipts	(4,700)	(4,400)
Rent Income	(9,272,500)	(9,732,200)
Repayment to DCLG	(4,104,600)	(4,616,800)

The refund to the DCLG is the difference between notional expenditure and notional income.

The repayment of subsidy for 2008/2009 feeds into the actual HRA in Appendix 1.

07 January 2008

Mr Roger Downing
Chief Principal Accountant
Finance
Civic Centre, Arnot Hill Park
Arnold, Nottingham NG5 6LU

Our Ref:
Your Ref:

Dear Mr Downing,

DRAFT HOUSING REVENUE SUBSIDY DETERMINATIONS 2008/2009

Thank you for your comments on the draft HRA subsidy Determination 2008-09. We will be taking account of your views and input as we process the final determination for 2008-09.

I should be grateful if you would confirm **by e-mail** that your response takes account of the revised data spreadsheet issued on 10 December which rectified a calculation error on the guideline rent formula and MRA levels.

Yours sincerely



Victoria Akeredolu