

Agenda Item 13

Housing Review Board

14 January 2010

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Housing Revenue Account 2010-11 the impact of rent and subsidy determinations

Summary

Following consideration of the draft Housing Revenue Account budget for 2010/11 at your last meeting the government has announced the rent and subsidy determinations. These have been assessed and the net effect is that it enables us to add some more expenditure to our initial plans and still maintain the advisory HRA balance.

I have suggested the items that I would prioritise for inclusion in the budget.

Recommendation

To approve the additional expenditure items for inclusion in the draft Housing Revenue Account for 2010-11.

a) Reasons for Recommendation

The rent and subsidy increases have been announced which enable us to finalise the draft budgets.

b) Alternative Options

Not to commit the additional income or commit it later in the year.

c) Risk Considerations

That the calculations are incorrect and/or the additional funding is not available as anticipated.

d) Policy and Budgetary Considerations

These are as set out in the report.

e) Date for Review of Decision

Quarterly budget monitoring will influence any review necessary.

1 Housing Revenue Account determinations

1.1 I reported to your last meeting on the draft Housing Revenue Account budget and at that time we were not aware of the rent determinations. We assumed an increase of 2% on house/flat rents with similar impact on the HRA subsidy and the management and maintenance allowances. We made clear at the time this was an assumption and could change when the Communities and Local Government (CLG) department issued the determinations.

1.2 In early December the CLG issued the formal determinations and the impact on our draft budget for 2010-11 has been assessed. Strictly speaking the determination has been issued for consultation with the period ending on 25th January 2010.

- 1.3 The guideline rents have increased by 3.1% so this will increase our rent income budget accordingly which means an extra £196,420 income. The other allowances have also increased by more than the 2% we had allowed so the net HRA subsidy payment has increased by £34,270. This means the HRA is better off by the difference between those two amounts: £162,150.
- 1.4 There is a positive increase in rents when we consider the September 2009 RPI is negative. This has the effect of reducing the rent convergence period by three years. It is disappointing to note that there are no changes in the management and maintenance allowances when these are now recognised to be below the required levels when the consultation paper on Council housing finance was issued last year.
- 1.5 When I presented the draft HRA budget to your last meeting you will recall that I could not include all of the budget items I would have liked and present a balanced budget.
- 1.6 With the additional funding available through the higher than anticipated rent increase I propose reinstating the following items that I reduced when producing a balanced budget:
- Social Services adaptations £27,000
 - Gas servicing £25,000
 - Carbon Management programme £25,000
 - Property conversions £25,000
 - Fence programme £20,000
 - Path repairs £20,000
 - Dampness eradication £20,000
- 1.7 Alternatively the additional income could be allowed to increase the surplus, but I have taken the view that this is better spent on tenant's homes. An updated draft HRA is shown in **annex 1**.
- 1.8 The Chairman is keen to reinstate the £5000 for Resident Inspectors rather than take this from the Tenant Participation budget. I would support this on the understanding that the budget is used to enhance the tenant scrutiny role as envisaged by the Tenant Services Authority under the new regulatory regime.
- 1.9 There are many additional items I would like to add into the HRA, but as indicated in my earlier report we have to 'live within our means' and prioritise our expenditure requirements. Our budget proposals will be scrutinised by a Task and Finish Forum of Overview and Scrutiny members and the Executive Board before being adopted by the Council.

Legal Implications

There are no legal implications requiring comment.

Financial Implications

Inclusion of the above items will leave the estimated HRA balance at £1.062m which is just above the recommended level of £1.050m (based on £245 per property).

Consultation on Reports to the Executive

None.

Background Papers

- Item 8 Determination for 2010-2011, CLG, December 2009.
- Draft HRA budget for 2010/11 presented to the November Board meeting.

John Golding
Head of Housing and Social Inclusion

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