
MEETING: Resource & Performance Scrutiny Commission
The Executive
Council

DATE: 10th February 2009
18th February 2009
25th February 2009

SUBJECT: Housing Revenue Account 2009/10

REPORT FROM: Executive Members, Resource and Learning, Skills and
Employment

CONTACT OFFICER: Mike Owen, Director of Finance and E-Government

TYPE OF DECISION: Council
Included in Forward Plan

**FREEDOM OF
INFORMATION
STATUS:** This paper is within the public domain

PURPOSE/SUMMARY:

The report details the proposed Housing Revenue Account for 2009/10 and recommends an average rent increase for Dwellings and Garages of **6.0%** in line with the Housing Subsidy Determination for 2009/10. As a result of the introduction of rent restructuring individual property rents are now set according to their valuation, size and relative local earnings resulting in a range of rent increases/decreases throughout the Borough; these are detailed in the report. The report also recommends amended charges for Sheltered Support, Amenities and Heating and Furnished Tenancy charges.

OPTIONS AND RECOMMENDED OPTION (with reasons):

The Housing Subsidy Determination received by the Council assumes that the Council will increase target rents by the national guideline rent increase and continue the process of rent restructuring based on formula rents but with an

extended restructuring period that assumes convergence in 2023/24. Any increase below the national guideline this would result in a reduction in rental income and would impact on the authority's ability to work towards implementing target rents. This report has been prepared on the basis of a **6.0%** average rent increase for 2009/10.

It is recommended that:

- (a) The Housing Revenue Account estimates set out in Appendix 1 are approved, subject to amendment to reflect the agreed Management Fee payable to Six Town Housing.
- (b) The average Rent increases by **6.0%** from the first rent week in April with actual rent increases/decreases on individual properties being determined by the rent formula.
- (c) Garage rents increase by **6.0%** from the first rent week in April.
- (d) Sheltered support, amenity and heating charges are amended from the first rent week in April in line with the proposed charges in this report, with heating charges to be reviewed in the light of any changes in the price of wholesale energy.
- (e) The proposed schemes of protection should be continued for the next twelve months for the Sheltered Support Charges and Sheltered Amenity Charges.
- (f) Furnished Tenancy charges increase by **2.5%** from the first rent week in April.

IMPLICATIONS -

Financial Implications and Risk Considerations These are detailed in the report.

Corporate Aims/Policy Framework:
Do the proposals accord with the Policy Framework? Yes

Are there any legal implications? No
Considered by Monitoring Officer:

Statement by Director of Finance And E-Government: The report fully details the Housing Revenue Account for 2008/09 and 2009/10.

Staffing/ICT/Property: There are no direct human resource, IT or land and property implications arising from this report although the HRA budget impacts on these areas.

Wards Affected: All Wards

Scrutiny Interest: The report is to be considered by Resource & Performance Scrutiny Commission

Chief Executive/ Management Board	Executive Member/ Chair	Ward Members	Partners
Yes	Yes		
Scrutiny Commission	Executive	Committee	Council
Resource & Performance Scrutiny Commission 10 th February 2009	18 th February 2009		25 th February 2009

1.0 INTRODUCTION

- 1.1 The Housing Revenue Account (HRA) is primarily a 'landlord account', recording revenue expenditure and income relating to the authority's own housing stock. The main items of expenditure included in the HRA are loan charges and management and maintenance costs with the main areas of income being rents from tenants and Housing Subsidy.
- 1.2 The HRA is a ring-fenced account i.e. the authority does not have any general discretion to transfer sums out of the HRA, or to support the HRA with contributions from the General Fund, (there are certain circumstances where transfers are permitted or prescribed but these are exceptions).
- 1.3 In April 2005 Six Town Housing was established as an Arms Length Management Organisation (ALMO) to manage and maintain the authority's housing stock and related assets. A Management Agreement was signed between Six Town Housing and Bury MBC which details the responsibilities that are delegated to the ALMO.
- 1.4 Bury MBC agrees the level of Management Fee payable from the Housing Revenue Account to Six Town Housing for the provision of the delegated responsibilities; the fee agreed for 2008/09 was £13,051,900.
- 1.5 The Audit Commission undertook an inspection of Six Town Housing in October 2005. On January 19th 2006 the Audit Commission published its judgement of Six Town Housing as a 'good' 2 star service with promising prospects for improvement. Following this rating the ODPM confirmed the release of supported borrowing approvals of £2.12m for 2005/06 and £6.52m for 2006/07.
- 1.6 The Audit Commission undertook a second inspection of Six Town Housing in November of last year. Current indications are that the Audit Commission will publish their report on February 12th.
- 1.7 A revised Building Cost Model was submitted to the DCLG in November 2006 with Ministers confirming in January 2007 a supported borrowing approval of £7.92m for 2007/08. We then received confirmation of supported borrowing approvals of £7.93m for 2008/09 and £2.53m for 2009/10. The supported borrowing is used for capital investment on dwellings to meet the Decent Homes Standard and to provide investment in regeneration and sustainability projects.

- 1.8 For the year 2009/10 the HRA is expected to have an average stock of 8,315 dwellings and 411 garages (of which 409 are available for rent). The projected changes in the number of dwellings between 1st April 2008 and 1st April 2010 are shown below: -

Number of Dwellings 1 st April 2008	8,341
Right to Buy Sales 2008/09	(9)
Huntley House – awaiting disposal	(17)

Number of Dwellings 1 st April 2009	8,315
Right to Buy Sales 2009/10	-

Number of Dwellings 1 st April 2010	8,315
Average number of dwellings 2008/09	8,328
Average number of dwellings 2009/10	8,315

- 1.9 The number of dwellings, for subsidy purposes, for the year 2009/10 is the number deemed to be within the HRA on 1st April 2008. Therefore Right to Buy sales and any initiatives which involve transfers of stock in this financial year will result in the loss of rent now, but the compensation through the subsidy system will not commence for 2 years, with that cost being found by the HRA in the meantime.
- 1.10 At its meeting on 29th October 2008 the Executive approved the decommissioning and disposal of Huntley House Sheltered scheme. The sale of this property is not expected to take place until 2009/10 but the properties have been taken out of the stock in the current year.
- 1.11 As a result of the HRA being a ringfenced account, any surplus or deficit on the HRA is carried forward into the next financial year and is called the working balance. Section 5 of this report contains an assessment of the minimum level of balances to be held.
- 1.12 The HRA estimates are set out in Appendix 1. These estimates are subject to the final agreement of the Management Fee payable to Six Town Housing for 2009/10.
- 1.13 This report has been scheduled for consultation with the Resource & Performance Scrutiny Commission on 10th February 2009.

2.0 RENT RESTRUCTURING

- 2.1 In December 2000 the government issued a policy statement entitled 'The Way Forward for Housing' which proposed that rent setting in social housing should be brought onto a common system based upon relative property values and local earnings levels. The aim is that rents on similar properties in the same area should be the same – no matter who is the landlord.

- 2.2 In order to achieve the objectives set out in the policy statement there is now a common formula for both Local Authority (LA) rents and those of Registered Social Landlords (RSL). Restructuring and convergence of LA and RSL rents was originally intended to be completed over 10 years i.e. from April 2002 to March 2012.
- 2.3 Under the current system a Target Rent is calculated for each dwelling on the following basis:-
70% of the rent is based on relative local earnings with weightings applied to reflect the number of bedrooms
and 30% of the rent is based on relative property values
- 2.4 The target rent increases each year in line with the government's guideline for its sector – either Local Authority or Registered Social Landlord. The current rent then moves towards the target rent.
- 2.5 Changes were made in 2006/07 to some of the factors in the formula; this followed the three-year review of rent restructuring by the Office of the Deputy Prime Minister (now the Department for Communities and Local Government – DCLG).
- 2.6 In 2007/08 we complied with Ministers wishes to keep average increases to 5.00% (rather than 5.86% which would have been the increase resulting from applying the rent formula to each individual property). A new element within the Housing Subsidy calculations (the Rental Constraint Allowance) was introduced to compensate authorities for rent lost if they adopted the 'maximum' average increase.
- 2.7 For 2008/09 Ministers no longer recommended a maximum average increase but instead the 2008/09 Housing Subsidy Determination assumed that the restructuring period was extended by five years with rent convergence being 2016/17; this assumption was intended to allow affordable rent increases for tenants and provide some compensation to authorities as the Rental Constraint Allowance had been removed. However the removal of this compensation resulted in a loss of rental income to the HRA. Following representations from authorities on the draft subsidy determination the DCLG introduced a mechanism to compensate for the removal of the Rental Constraint Allowance however this now operates a year in arrears.
- 2.8 In 2008/09 we increased rents by an average of 5.33% which was the minimum 'required' increase in order for the authority's target rents to rise in line with the Government's guideline increase included within the subsidy whilst also adopting the extended restructuring period.
- 2.9 For 2009/10 the Government's guideline increase within the Housing Subsidy Determination is 6.1% and the convergence date has been further delayed to 2023/24. Feeding this into Bury's housing portfolio leads to an average weekly limit rent of £62.87 (over 52 weeks) which takes into account the national guideline increase and the formula for setting rents and leads to a local guideline increase of 6.0%. If average rents were to rise above this limit rent then Subsidy on Rent Rebates will be restricted; conversely any increase lower than the required level for rent restructuring will result in a loss of rental income to the HRA and will have effects in future years.

2.10 Early indications from other northern authorities suggest that average increases will be in the range 6.00% to 6.35%.

2.11 The following table shows the difference between the current rents and the rents for 2009/10 as calculated under the revised formula. The calculations assume that the authority's target rents rise in line with the Government's guideline increase included within the subsidy and that we adopt the further extended restructuring period i.e. the **minimum 'required' increase of 6.0% (average)**. The rents shown in the table are all on a 50 week basis.

TYPE	NUMBER OF BEDROOMS	VALUATION AT JAN' 1999 VALUES £	RENT 2008/09 £	PROPOSED RENT 2009/10 £	INCREASE OVER ACTUAL 2008/09 RENT		RANGE OF INCREASES	
					£	%	HIGHEST %	LOWEST %
Bed-sit	0	23,391	45.84	48.72	2.88	6.3	10.1	5.5
Bungalow	1	30,705	53.56	56.99	3.43	6.4	7.1	5.4
Flat	1	28,417	53.38	56.65	3.27	6.1	9.6	4.9
House	1	29,410	55.41	58.69	3.28	5.9	5.9	5.9
Bungalow	2	39,487	66.16	69.94	3.78	5.7	6.2	5.4
Flat	2	29,537	59.62	63.18	3.56	6.0	9.0	4.7
House	2	34,649	62.11	65.80	3.75	6.0	7.9	4.9
Maisonette	2	32,132	61.52	65.14	3.62	5.9	5.9	5.9
Flat	3	30,366	63.86	67.75	3.89	6.1	6.3	4.7
House	3	37,579	68.78	72.82	4.04	5.9	10.1	4.7
Maisonette	3	33,843	67.59	71.53	3.94	5.8	6.0	5.6
House	4/6	38,727	76.47	80.78	4.31	5.6	6.6	5.0
		32,526	60.11	63.72	3.61	6.0	10.1	4.7

2.12 The last two columns in the table show the range of increases and decreases for individual properties within each category. The numbers of properties at the extremes of these ranges is often only a minority of the number of properties in the category.

2.13 Appendix 2 contains forecasts of the number of properties in various rent decrease/increase bands.

3.0 HOUSING SUBSIDY

- 3.1 The Department for Communities and Local Government (DCLG) currently calculates an authority's entitlement to HRA Subsidy, (government grant), on the basis of a notional HRA; this is basically a model comprising estimates of what the DCLG believes an authority should spend on management, maintenance, loan charges and major repairs, set against what income they believe an authority should raise from rents, with the difference being the authority's subsidy entitlement or assumed HRA surplus.
- 3.2 The DCLG and HM Treasury are currently undertaking a joint review of Council Housing finance which is expected to report to Ministers in spring 2009. Consultation on proposals from the review will be taken forward in the light of the timetable for the next Spending Review. Until the outcome of the review is known the DCLG have stated that their intention is to maintain as stable a position as possible over the next two years and that any significant changes to the current subsidy system should be avoided.
- 3.3 The calculation of our 'notional' HRA results in assumed surpluses of £4,604,000 for 2008/09 and £4,870,500 for 2009/10; these amounts must be paid to the D.C.L.G. (in ten monthly instalments from May to February each year).
- 3.4 The 2008/09 subsidy determination was disappointing from our point of view as, in addition to the loss of rental income resulting from the removal of the Rental Constraint Allowance, changes to other factors in the calculation of our Management, Maintenance and Major Repairs Allowances 'withdrew' potential HRA and capital resources.
- 3.5 The 2009/10 subsidy determination is more satisfactory as the DCLG have endeavoured to avoid significant changes in the factors used for the calculation of allowances. **However resources continue to be 'withdrawn' due to the 'top slicing' of our calculated allowances, to provide cash protection for other authorities, and the mechanism to compensate for the removal of the Rental Constraint Allowance operates a year in arrears.**
- 3.6 Our allowances per property have increased by 5.99% for Management, 4.33% for Maintenance and 2.43% for Major Repairs.
- 3.7 The overall effect of the subsidy determination (excluding the element relating to Capital Charges) is to increase the amount payable to the DCLG from £857 per property in the current year to £926 for 2009/10.
- 3.8 Appendix 3 details the 'notional' HRA for 2008/09 and 2009/10 which result from the Housing Subsidy Determinations for 2008/09 and 2009/10.

4.0 PERFORMANCE

4.1 Voids

- 4.1.1 The rent lost on empty properties is projected to be 2.73% over the course of 2008/09; this will mean a reduction in rent income of approximately £187,000 as the original budget allowed for a void level of 1.95%.
- 4.1.2 However the overall level of rent income for the current year is only expected to vary slightly from the original budget. This is due to the significant drop in the number of Right to Buy sales over the previous and current financial years. The original budget was based on 75 sales whereas current projections suggest that there will be no more than 9 sales in the current year (of course this has an adverse impact on the level of capital receipts available to support the Capital Programme).
- 4.1.3 The level of void loss for 2009/10 has been assumed at 2.00% which is a challenging target in view of current performance; if this is not achieved then there would be a reduction in rental income to the HRA. The assessed level of minimum HRA balances for 2009/10 needs to allow for this possibility and this is further discussed in section 5.
- 4.1.4 If the target was to be exceeded then this would result in an increase in rental income to the HRA which could either be carried forward into 2010/11 or targeted during the coming financial year for service developments.
- 4.1.5 The voids position will continue to be monitored and reported.
- 4.1.6 Appendix 4 details the loss or increase in rental income at different void levels if the 2.00% is not achieved in 2009/10.

4.2 Rent Arrears

- 4.2.1 The opening arrears and current levels for 2008/09 are shown in the following table. The figures reflect the fact that around £268,200 of Former Tenant Arrears has been written off during 2008/09 and it is anticipated that a further amounts will be written off before the end of the financial year (cases totalling £25,000 have already been submitted for write off). All write offs are done in accordance with the Corporate Debt Write Off Policy as approved by the Executive.

	Opening Arrears 2008/09 £	Current Position £	Increase/ (Reduction) in arrears £
Current Arrears	810,500	715,700	(94,800)
Former Tenant Arrears	780,000	674,000	(106,000)
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	1,590,500	1,389,700	(200,800)

- 4.2.2 Authorities are required to make suitable provision, in accordance with proper accounting practices, to cover the write-off of rent and service charge arrears.

- 4.2.3 The Bad Debt Provision for rent arrears, which is held on the Authority's Balance Sheet, stood at £1,248,000 at the beginning of this financial year. The requirement for the year is calculated with reference to the type of arrear and the amount outstanding on each individual case.
- 4.2.4 The original budget for 2008/09 allowed for a contribution of £161,000 to the Bad Debt Provision but looking at the current position it is now estimated that the provision will need an increased contribution of £191,500 in 2008/09 despite the reduced level of arrears (this is due to the nature and structure of the remaining arrears). The 2009/10 estimates allow for a contribution of £175,000 however it should be recognised that the level of arrears can be volatile. If the arrears position should improve then a lower contribution may be required which would release additional resources in the HRA; conversely if the arrears position should deteriorate and require additional contributions to the Bad Debt Provision then these would need to be found from the HRA balances.

4.3 Rechargeable Repairs

- 4.3.1 The amount due from tenants for rechargeable repairs currently stands at £1,027,700 of which £855,500 is debt over 1 year old. Of the debt over 1 year old around £656,000 appears to be static debt i.e. there have been no payments received at all.
- 4.3.2 The Bad Debt Provision for rechargeable repairs, which is held on the Authority's Balance Sheet, currently stands at £684,500. The HRA estimates for 2008/09 and 2009/10 allow for a £50,000 contribution to this provision in each year, therefore at the end of 2009/10 the provision will stand at £784,500; this amount will be reduced by the amount of any accounts that are written off before the end of 2009/10.
- 4.3.3 With effect from 2003/04 any income from rechargeable repairs over and above the budgeted figure has been used to increase the bad debt provision at the end of the financial year. It is estimated that this should provide an additional contribution to the provision of at least £92,500 for 2008/09 and a similar amount in 2009/10 bringing the forecast bad debt provision at 31 March 2010 to some £970,000.
- 4.3.4 Work is ongoing to identify older static and irrecoverable debts with the intention of writing these off against the Bad Debt Provision. A total of £101,000 was written off in 2007/08 and around £256,000 of debt has been identified that will be at least 6 years old by the end of the current year. The majority of this debt is likely to be irrecoverable and is likely to be put forward for write off once further analysis has been completed to identify any accounts where payments are being made by instalments or legal action is still being pursued.
- 4.3.5 Accounts that have been raised more recently are subject to established recovery procedures with reminders/final notices being routinely issued and accounts passed to collection agencies (for debts under £750) where payment is not received or instalment arrangements agreed.

4.3.6 Six Town Housing undertook a Whole Systems Review of the rechargeable repairs process. As a result of this a revised charging policy was drawn up and approved through the operational decision process in January of last year. Six Town Housing have implemented this policy and are continuing to redesign procedures that back up this policy.

5.0 2009/10 HOUSING REVENUE ACCOUNT (HRA) AND THE HRA WORKING BALANCE

5.1 2009/10 Housing Revenue Account

5.1.1 The Housing Revenue Account Estimates are detailed in Appendix 1. Two particular issues are worthy of note:

§ The Housing Revenue Account pays a Management Fee to Six Town Housing to provide the services delegated under the ALMO Management Agreement. The level of this Management Fee for 2009/10 is currently being finalised between Six Town Housing and the Council and will be based on an allowance for inflation, an efficiency savings target and service developments etc. The HRA Estimates for 2009/10 assume the Management Fee to be £13,318,000 which is based on the current year's Fee amended to reflect one-off adjustments, a minimum allowance for inflation and efficiency savings; any changes to the figure shown above will impact on the level of HRA balances.

Members will be aware that a review of housing management costs is on-going and as a result of this work Six Town Housing have already made a considerable contribution back into the HRA balances.

§ Springs Tenant Management Co-operative (TMO) have undertaken a tenant-led Stock Options feasibility study, funded by the DCLG, to look at the potential for a small scale voluntary transfer of the properties covered by their Management Agreement. The Council supports the transfer in principle but has concerns over the potential for subsidy losses which may have a significant adverse impact on the HRA due to the way in which the Housing Subsidy system operates in this area. The matter has been raised with the DCLG and we are awaiting their response. Until the situation is clarified it is difficult to progress the transfer proposals. Should DCLG be able to assist and should the proposal progress to the Development Stage then the Council will be required to provide 25% of the costs of this phase which would cost around £12,000 and would be a call on HRA balances.

If the proposals were to progress to formal consultation with tenants then the Council would incur additional costs such as providing an Independent Tenant Advisor and conducting the statutory consultation and ballot; some of these costs would fall on the HRA whilst others would need to be met from elsewhere within the General Fund; no provision has currently been made for these costs.

5.1.4 The detailed Housing Revenue Account shown in Appendix 1 assumes an increase in rents equivalent to an average of **6.0%**.

5.2 The HRA Working Balance

- 5.2.1 The HRA needs to have a certain level of balances in order finance occurrences that cannot be predicted and to mitigate against material inaccuracies in the assumptions underlying the budget.
- 5.2.2 There is no statutory definition of the minimum level of HRA balances and in previous years the adequacy of the budgeted working balance has been assessed against the main assumptions used in the production of the HRA budget.
- 5.2.3 It is felt that as part of a longer-term approach to HRA finances there should be a Golden Rule regarding the minimum level of HRA balances, as there is with regards to General Fund balances. Using his judgement and experience, the Director of Finance and E-Government has recommended that the HRA balances should not be allowed to fall below £100 per property. However the actual minimum level of balances to be retained will still need to be reviewed each year based on a risk assessment of the major issues that could affect the financial position of the HRA.
- 5.2.4 Applying the above rule would require the minimum HRA working balance to be:

Financial Year	Average no of properties	Balance at year end £
2008/09	8,328	832,800
2009/10	8,315	831,500
2010/11	8,315	831,500

- 5.2.5 The HRA opening balance for 2008/09 was a surplus of £1,539,200, being an increase of £233,700 over the budgeted working balance.
- 5.2.6 Appendix 1 shows that the estimated working balance will be **£930,500** at 31st March 2009 and **£945,900** at 31st March 2010.
- 5.2.7 Appendix 5 details a risk assessment of the major issues that could affect the financial position of the HRA, including the sensitivity of the voids and arrears targets. This shows, that on a risk assessed basis, the minimum level of HRA balances shown above are more than adequate. However Members are reminded that any transfer of Springs properties could have adverse subsidy implications which would effect the balances. In addition, there is considerable uncertainty about future years' Housing Subsidy levels.

6.0 THE ASSET MANAGEMENT PLAN

6.1 Asset Management Plan

- 6.1.1 The following table shows the planned levels of Capital Works and Regeneration for the next six years along with the assumed levels of resources:

	Planned Total Investment £m	Assumed Resources		
		Major Repairs Allowance/ HRA Revenue / Other	ALMO Funds	Total Resources
		£m	£m	£m
2008/09	12.81	4.88	7.93	12.81
2009/10	7.48	4.95	2.53	7.48
2010/11	5.03	5.03	-	5.03
2011/12	5.13	5.13	-	5.13
2012/13	5.24	5.24	-	5.24
2013/14	5.34	5.34	-	5.34
Total	41.03	30.57	10.46	41.03

- 6.1.2 The table above does not reflect the requests that have been submitted for additional capital resources for 2009/10 for carrying out DDA compliance works at Sheltered schemes. If this request is approved then the spending plans will be revised.
- 6.1.3 The Audit Commission's judgement of Six Town Housing, as a 2 star ALMO, confirmed the DCLG's allocation of supported borrowing approval for the first two years of the programme i.e. £2.12m for 2005/06 and £6.52m for 2006/07. Following the submission of a revised Building Cost Model in November 2006 the DCLG confirmed a supported borrowing approval of £7.92m for 2007/08. Supported borrowing approvals of £7.93m for 2008/09 and £2.53m for 2009/10 have been confirmed.
- 6.1.4 The six year Asset Management Plan, set out in the previous section, is based on the ALMO bid submitted to the ODPM in December 2003 updated for assumed future levels of Major Repairs Allowance. This plan relies on ALMO funds being available to finance capital repairs and improvements; the only additional HRA resource assumed to finance this expenditure is the subsidy allocation introduced in 2008/09 for the provision of energy performance certificates.

7.0 RENT INCREASE

- 7.1 As discussed earlier in paragraph 2.7, the Government has set a weekly average limit rent for Bury of £62.87, which takes into account national guideline increases and the extended period for the implementation of rent restructuring. Adopting the guideline increase and the extended restructuring period in the rent formula results in an average increase of **6.00%** and the figures in this report are based on the assumption that we increase rents on this basis.
- 7.2 There are currently 409 garages being charged at the rate of £5.00 per week (50 weeks). The last increase was in April 2008 when the charges rose in line with the percentage increase in council house rents; increases for 2009/10 in line with the recommended rent increase of 6.00% would result in a weekly increase of £0.30 giving a rate of £5.30 per week (over 50 weeks); this would bring up to £6,135 of extra income into the HRA in 2009/10 (depending on the level of voids).

8.0 SHELTERED, CARELINK AND FURNISHED TENANCIES CHARGES

8.1 Supporting People

- 8.1.1 New funding arrangements for supported accommodation were introduced from April 2003 which had a major impact on the way Sheltered Accommodation is funded; charges for support costs are no longer eligible for Housing Benefit but instead a subsidy is paid for eligible tenants from a locally administered Supporting People 'pot' that also funds other supported accommodation in the Borough.
- 8.1.2 Existing tenants who were in receipt of Housing Benefit towards their support charges were 'passported' to free provision under Supporting People and in addition a means tested assessment was introduced for those who did not qualify for Housing Benefit but may have been entitled to assistance under the 'fairer charging' regime.
- 8.1.3 New tenants who are eligible for Housing Benefit assistance also receive a subsidy from Supporting People or, if not in receipt of Housing Benefit, can apply for an assessment under the 'fairer charging' regime.
- 8.1.4 The costs associated with Sheltered communal areas are not eligible as support costs and therefore from April 2003 a separate amenity charge was levied for tenants in affected schemes.

8.2 Sheltered Support Charges

- 8.2.1 The management and provision of Sheltered support services was transferred from Housing Services to Social Services during 2004/05; following the restructure of departments the services are now provided by Adult Care Services.
- 8.2.2 With effect from April 2008 the way that the Sheltered support service is delivered and charged for was changed. The new warden service has been expanded into the wider community to provide services to older people who require support to remain in their own homes. This reduced the overall cost of the service and allowed support to be provided to more people. A member of the warden team continues to visit Sheltered housing schemes on a daily basis (Monday to Friday) to check tenants' wellbeing and deal with any scheme issues. The service is now called 'Support at Home' and the wardens work in teams which cover Sheltered schemes and individual properties that fall within their area.
- 8.2.3 With effect from April 2008 all Sheltered tenants have been charged the same weekly charge of £20.21 (over 50 weeks). Charging in this way is a much fairer system as all tenants receive the same level of service. This also brought us in line with the majority of other local authority Sheltered housing charging policies.
- 8.2.4 An operational decision was made not to let a number of identified sheltered dwellings pending the outcome of a review/options appraisal of a number of Sheltered schemes in the borough.

- 8.2.5 Pending the outcome of this review it was decided to suspend lettings to the following schemes:
- Clarkshill, Prestwich (bedsits only)
 - Elton Square House, Bury
 - Huntley House, Bury
 - St. Mary's, Prestwich (bedsits only)
 - Wesley House, Tottington
 - Griffin Close, Bury (upper floor flats only)
- 8.2.6 The following schemes were included in the review but lettings to these schemes were not suspended as there is no alternative sheltered provision within the locality.
- Harwood House, Tottington
 - Mosses House, Bury
 - Taylor House, Bury
- 8.2.7 The review has been completed and this has provided a number of possible options for the longer term future of these schemes. However a final decision on the future of the schemes has been deferred pending the completion of Adult Care Services' Review of Residential Accommodation, a stock options appraisal by Anchor Housing Association of their sheltered schemes in the borough and the completion of a Housing Strategy for Older People by the Strategic Housing Unit.
- 8.2.8 The recommendations of these studies and the implications for future housing provision for older people on the borough needs to be considered before any final decisions are made as to the future of the Council's sheltered schemes. The Council needs to be able to demonstrate its ability to meet the changing and increasing housing needs and expectations of this particular client group into the future.
- 8.2.9 At its meeting on 29th October 2008 the Executive approved the decommissioning and disposal of Huntley House Sheltered scheme. Approval was also given for the capital receipt resulting from the disposal to be re-invested in affordable housing or regeneration in the Borough.
- 8.2.10 It is proposed that the standard weekly Support Charge per unit is increased by 2% from the first rent week in April 2009, this being the maximum increase that is expected to be allowed by the Supporting People commissioners.
- 8.2.11 This proposal means the weekly charge will increase from £20.21 to £20.61 (on a 50 week basis).
- 8.2.12 Introducing the standard weekly charge in April 2008 meant that Tenants residing at Elms Close, Griffin Close and Moorfield saw increases of more than 2%, in order to avoid any undue hardship it was agreed that existing tenants who were not in receipt of Housing Benefit should pay a reduced charge. It is proposed that this protection should be continued for eligible tenants who were resident at 1st April 2008. The proposed reductions in the weekly charge and the current number of tenants to whom this would apply are:

- Elms Close £5.18 3 tenants
- Griffin Close £4.92 3 tenants
- Moorfield £0.70 2 tenants

8.2.13 Tenants at Maple Grove who were resident at the time of the introduction of the Supporting People funding arrangements in April 2003 and were not in receipt of Housing Benefit were receiving protection. As the standard weekly charge introduced in April 2008 was still higher in real terms it was agreed that protection should continue to apply to the one remaining eligible tenant. It is proposed that this should continue with this tenant having their charge for 2009/10 reduced by £4.43 per week.

8.2.14 The total cost to the HRA of the protections proposed above is estimated to be £1,807 in 2009/10.

8.2.15 An Extra Care Sheltered Scheme is now established covering the Falcon House and Griffin House schemes. There are different support charges which reflect different levels of support offered dependant on the assessed needs of the individual tenants; this support is provided by Adult Care Services and they will be reviewing the charges for 2009/10.

8.2.16 The proposed support charges reflect voids for Sheltered Accommodation of 8%, however as void levels can vary considerably between schemes, particularly given that lettings have been suspended at some schemes, there will be gains or losses in terms of the amount of income collectable. It is estimated that the net effect of different void levels is likely to cost the HRA around £47,000 in 2009/10.

8.2.17 Should there be a significant increase in the actual level of voids above the estimate then the income target assumed within the HRA will not be achieved.

8.3 Sheltered Amenity Charges

8.3.1 In summary the present and proposed amenity charges per unit per week, (over 50 weeks), are shown in the following table. Appendix 6 details the total Support and Amenity Charges for each scheme:-

	Current Amenity Charge 2008/09 £	Proposed Amenity Charge 2009/10 £	Proposed Amenity Charge Increase %
Clarkshill	13.64	15.13	10.9
Elton Square House	14.43	17.27	19.7
Falcon House	8.12	8.64	6.4
Griffin House	8.22	8.96	9.0
Harwood House	16.64	17.94	7.8
Moorfield	17.02	20.42	20.0
Mosses House	13.35	15.63	17.0
St. Mary's Court	12.56	15.03	19.7
Stanhope Court	5.33	7.20	35.0

Taylor House	17.76	18.89	6.4
Top O'th Fields 1	15.26	17.58	15.2
Waverley Place	16.09	18.49	14.9
Wellington House	19.68	23.71	20.5
Wesley House	14.45	16.07	11.2

- 8.3.2 Changes in amenity charges reflect increases in the costs of maintaining communal facilities e.g. pay awards for domestic staff and increases in energy costs. The level of increase depends on the facilities provided at each scheme. Continued increases in energy costs are the main cause of the higher increases required at some schemes. It should be noted that the current charges only allowed for a minimal increase in utility costs whereas the actual increase have been far higher.
- 8.3.3 Amenity charges are eligible for Housing Benefit purposes and it is expected that benefits will be payable to accepted claimants.
- 8.3.4 It is estimated that continuing the scheme of protection for pre April 2003 tenants who are not in receipt of Housing Benefit would cost the HRA less than £100 in 2009/10. Given that the cost to the HRA of providing protection is now minimal, it is recommended that the scheme should be extended for a further period of twelve months.
- 8.3.5 The proposed amenity charges reflect anticipated void levels for those schemes where current voids are below 12%; for those schemes with higher current void levels 12% has been assumed. Void levels can vary considerably between schemes and over time, particularly given that lettings have been suspended at some schemes, therefore there are likely to be gains or losses in terms of the amount of income collectable. It is estimated that the net effect of different void levels is likely to cost the HRA around £36,200 in 2009/10.

8.4 Sheltered Heating Charges

- 8.4.1 Heating charges are only levied at Sheltered schemes where there is a communal heating system with no separate metering of individual consumption; the aim of the charges is to recover the actual energy costs incurred at each scheme.
- 8.4.2 The present and proposed heating charges per unit per week, (exclusive of VAT), are:-

	Present Charge £	Proposed Charge £	Proposed Increase %
Taylor House	11.22	15.78	40.1
Clarks Hill	6.90	9.06	31.3
St. Mary's Court	8.47	10.65	25.7
Waverley Place	10.90	13.00	19.3
Harwood House	9.36	12.21	30.4
Wesley House	9.29	11.72	26.2

8.4.3 The above Sheltered schemes are part of the Council's overall procurement of energy, and the increases shown above reflect contract price rises that were effective from June 2008 (which were not passed during 2008/09).

8.4.4 Negotiation of the next contract, to be effective from June 2009, has not been concluded. The proposed charges above are based on the current contract price and expected levels of consumption; if there is any significant change in the new contract price then the level of charges may need to be reviewed.

8.4.5 Heating Charges are not eligible for Housing Benefit however most Sheltered Tenants should be eligible for Winter Fuel Payments; for winter 2008/09 the rates for these are £250 per household for those aged 60 or over, rising to £400 per household for those aged 80 or over.

8.5 Furnished Tenancies Charges

8.5.1 A Furnished Tenancy Scheme was introduced during 2005/06. The scheme provides furniture packages for which an additional weekly charge is payable. The original scheme allowed for a maximum of 65 furnished tenancies to be established.

8.5.2 The scheme is currently being expanded on a self funding basis with a planned increase of 20% per annum in the number of furnished tenancies.

8.5.3 Furnished Tenancy charges are eligible for Housing Benefit purposes and therefore benefits should be payable to accepted claimants.

8.5.4 In summary the present and proposed charges per week, (over 50 weeks), are shown in the following table:-

	Current Furnished Tenancy Charge 2008/09 £	Proposed Furnished Tenancy Charge 2009/10 £	Proposed Furnished Tenancy Charge Increase %
1 bed property	17.48	17.92	2.5
2 bed property	20.59	21.10	2.5
3 bed property	23.69	24.28	2.5

8.5.5 The proposed increase in charges is to cover inflation in the costs of the scheme e.g. costs of replacement equipment and fittings.

Councillor Peter Redstone, Executive Member, Resource

Councillor Iain Gartside, Executive Member, Learning, Skills and Employment

List of Background Papers:-

Budget Working Papers

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