REPORT FOR DECISION

Bury COUNCIL

Agenda Item	

MEETING:	**COUNCIL**
DATE:	**23 FEBRUARY 2011**
SUBJECT:	**HOUSING REVENUE ACCOUNT 2011/12**
REPORT FROM:	**CABINET MEMBERS FOR RESOURCE, HR & PERFORMANCE AND HEALTH & WELL-BEING**
CONTACT OFFICER:	**MIKE OWEN, DIRECTOR OF FINANCE AND E-GOVERNMENT**
TYPE OF DECISION:	**COUNCIL**
FREEDOM OF INFORMATION/STATUS:	This paper is within the public domain
SUMMARY:	The report details the proposed Housing Revenue Account for 2011/12 and recommends an average rent increase for Dwellings and Garages of 6.52% in line with the Housing Subsidy Determination for 2011/12. 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 & RECOMMENDED OPTION	The Housing Subsidy Determination received by the Council assumes that the Council will increase target rents by the guideline rent increase and continue the process of rent restructuring based on formula rents but with a revised restructuring period that assumes convergence in 2015/16. Any increase below the guideline 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 6.52% average rent increase for 2011/12. It is recommended that: (a) The Housing Revenue Account estimates set out in Appendix 1 are approved, subject to later amendment to reflect the agreed Management Fee payable to Six Town Housing.

	(b) The average Rent increases by 6.52% 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 6.52% 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. (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 remain unchanged from the first rent week in April.

IMPLICATIONS:

Corporate Aims/Policy Framework:	The proposals accord with the Policy Framework
Financial Implications and Risk Considerations:	These are detailed in the report.
Statement by Director of Finance and E-Government:	The report fully details the Housing Revenue Account for 2010/11 and 2011/12.
Equality/Diversity implications:	
Considered by Monitoring Officer:	
Are there any legal implications?	No
Staffing/ICT/Property:	There are no direct staffing, ICT or property implications arising from this report although the HRA budget impacts on these areas.
Wards Affected:	All
Scrutiny Interest:	Scrutiny Committee (Internal)

TRACKING/PROCESS **DIRECTOR: MIKE OWEN**

Chief Executive/ Management Board	Executive Member/Chair	Ward Members	Partners
	18 February 2011		
Scrutiny Committee	Executive	Committee	Council
			23 February 2011

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 October 2010 the Government announced that the present Subsidy system would be replaced by a system whereby council housing became self-financing at a local level. The detailed implications for Bury are still being assessed, as the system involves the transfer of debt between authorities, and more details are given in section 3 of the report.

1.4 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 Council which details the responsibilities that are delegated to the ALMO.

1.5 Bury Council 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 2010/11 was £13,153,800.

1.6 Six Town Housing received a 2 star rating following an Audit Commission inspection in 2005 (and retained 2 stars when re-inspected in 2008). This then allowed for confirmation of supported borrowing approvals totalling just over £27m over the period 2005/06 to 2009/10. The supported borrowing has been used for capital investment on dwellings to meet the Decent Homes Standard and to provide investment in regeneration and sustainability projects.

1.7 For the year 2011/12 the HRA is expected to have an average stock of 8,280 dwellings and 381 garages (of which 379 are available for rent).

The projected changes in the number of dwellings between 1st April 2010 and 1st April 2012 are shown below: -

Number of Dwellings 1st April 2010	8,308
Right to Buy Sales 2010/11	(20)

Number of Dwellings 1st April 2011	8,288
Right to Buy Sales 2011/12	(15)

Number of Dwellings 1st April 2012	8,273
Average number of dwellings 2010/11	8,298
Average number of dwellings 2011/12	8,280

1.8 The number of dwellings, for subsidy purposes, for the year 2011/12 is the number deemed to be within the HRA on 1st April 2010. 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 no compensation through the subsidy system.

1.9 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.

1.10 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 2011/12.

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 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 an extended restructuring period. The removal of the Rental Constraint Allowance would have resulted in a loss of rental income to the HRA; following representations from authorities the DCLG introduced a mechanism to compensate for the removal of this compensation however this now operates a year in arrears.

2.8 In 2009/10 we increased rents by an average of 6% which was in line with the Government's guideline increase and assumed rent convergence in 2023/24. However in March 2009 the Government offered Councils the option of effectively halving the guideline rent increase with compensation for the loss of rental income coming through the subsidy system. We adopted this option and therefore reduced our average increase to 3.04%; this reduction was implemented in July 2009 backdated to the first rent week in April.

2.9 At the Council meeting in February of last year we increased rents by an average of 1.64% which was in line with the Government's guideline increase and assumed rent convergence in 2012/13.

2.10 For 2011/12 the Government's national average guideline increase within the Housing Subsidy Determination is 6.8% and the convergence date has been extended to 2015/16. The Government has set a weekly average limit rent for Bury of £65.61. 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. Feeding the guideline increase and the revised restructuring period into Bury's housing portfolio results in an average increase of **6.52**%. Individual rent increases are limited to RPI (Retail Price Index inflation) plus ½% plus £2.08 per week (on a 50 week basis).

2.11 The following table shows the difference between the current rents and the rents for 2011/12 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 revised restructuring period i.e. the **minimum 'required' increase of 6.52% (average)**. The rents shown in the table are all on a 50 week basis.

TYPE	NUMBER OF BEDROOMS	VALUATION AT JAN' 1999 VALUES	RENT 2010/11	PROPOSED RENT 2011/12	INCREASE OVER ACTUAL 2010/11 RENT		RANGE OF INCREASES HIGHEST	LOWEST
		£	£	£	£	%	%	%
Bed-sit	0	23,391	48.62	52.06	3.44	7.1	10.8	5.4
Bungalow	1	30,705	56.78	60.75	3.97	7.0	8.9	5.4
Flat	1	28,411	56.20	60.02	3.82	6.8	9.6	4.3
House	1	29,410	58.13	61.77	3.64	6.3	6.2	6.2
Bungalow	2	39,487	68.67	72.71	4.04	5.9	6.9	5.2
Flat	2	29,550	62.49	66.55	4.06	6.5	8.8	4.0
House	2	34,642	64.93	69.09	4.16	6.4	9.3	4.4
Maisonette	2	32,132	64.45	68.44	3.99	6.2	6.3	6.2
Flat	3	30,366	66.97	71.51	4.54	6.8	7.2	4.0
House	3	37,571	71.58	76.08	4.50	6.3	9.2	3.9
Maisonette	3	33,843	70.57	74.88	4.31	6.1	6.4	5.7
House	4/6	38,619	78.69	83.30	4.61	5.9	8.1	4.5
		32,513	**62.94**	**67.04**	**4.10**	**6.5**	**10.8**	**3.9**

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 Following a joint DCLG and HM Treasury review, a consultation document 'Review of Council Housing Finance' was published in July 2009. This paper discussed options for fundamental reform of the financing system for council housing and put forward a self-financing (devolved) system.

3.3 Detailed proposals for reforming council housing finance were published on 25 March 2010. The views of councils on implementing this new system were sought up to 6 July 2010 and on 5 October 2010 the Housing Minister announced that the existing system would be replaced and that measures would be included in the forthcoming Decentralisation and Localism Bill.

3.4 On 13 December 2010 the Department for Communities and Local Government published a written ministerial statement on council housing finance setting out further details of the basis on which the Government intends to implement reforms.

3.5 In essence the proposed reforms will see the end of the current system where the majority of authorities (including Bury) pay money over to the exchequer, essentially from tenants' rents, for redistribution to those authorities who receive subsidy payments from the exchequer.

3.6 The proposed self-financing system will see authorities keeping all their rental income and using this to pay for management, maintenance and major works for their housing stock. In order to ensure that each authority has sufficient resources to do this there will be a reallocation of housing debt amongst authorities.

3.7 A policy document 'Implementing Self Financing' was published on 1 February 2011; the implications of this are currently being assessed.

3.8 The current subsidy system will remain in place for 2011/12. The calculation of our 'notional' HRA results in assumed surpluses of £4,734,100 for 2010/11 and £6,127,200 for 2011/12; these amounts must be paid to the D.C.L.G. (in ten monthly instalments from May to February each year).

3.9 The 2011/12 subsidy determination sees our allowances per property increase by 2.78% for Management, 0.43% for Maintenance and 1.21% for Major Repairs.

3.10 The overall effect of the subsidy determination (excluding the element relating to Capital Charges) is to increase the amount payable to the DCLG from £887 per property in the current year to £1,058 for 2011/12.

3.11 Appendix 3 details the 'notional' HRA for 2010/11 and 2011/12 which result from the Housing Subsidy Determinations for 2010/11 and 2011/12.

4.0 PERFORMANCE

4.1 Voids

4.1.1 The rent lost on empty properties is projected to be 2.52% over the course of 2010/11; this will mean a reduction in rent income of approximately £68,100 as the original budget allowed for a void level of 2.25%.

4.1.2 The level of void loss for 2011/12 has been assumed at 2% which is a very challenging target given 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 2011/12 needs to allow for this possibility and this is further discussed in section 5.

4.1.3 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 2012/13 or targeted during the coming financial year for service developments.

4.1.4 The voids position will continue to be monitored and reported.

4.1.5 Appendix 4 details the loss or increase in rental income at different void levels if the 2% is not achieved in 2011/12.

4.2 Rent Arrears

4.2.1 The opening arrears and current levels for 2010/11 are shown in the following table. The figures reflect the fact that around £109,000 of Former Tenant Arrears has been written off during 2010/11. Write offs totalling £24,000 are awaiting approval and it is anticipated that a further £93,000 could be written off before the end of the 2010/11. All write offs are done in accordance with the Corporate Debt Write Off Policy as approved by the Executive.

	Opening Arrears 2010/11 £	Current Position £	Increase/ (Reduction) in arrears £
Current Arrears	491,100	472,400	(18,700)
Former Tenant Arrears	467,600	482,100	14,500
	958,700	954,500	(4,200)

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 £707,900 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 2010/11 allowed for a contribution of £47,000 to the Bad Debt Provision but looking at the arrears position, coupled with the writing back of Former Tenant Account credits, it is now estimated that the provision will need a reduced contribution of £30,000 in 2010/11. All things being equal this suggests that the Provision will stand at £592,000 at the end of 2010/11 with arrears being in the order of £837,000.

4.2.5 The 2011/12 estimates allow for a contribution of £75,000 although 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. The position is kept under regular review and reported to members in the quarterly Finance and Performance Monitoring Report.

4.3 Rechargeable Repairs

4.3.1 The amount due from tenants for rechargeable repairs currently stands at £872,600 of which £779,500 is debt over 1 year old. Of the debt over 1 year old around £560,800 appears to be static debt i.e. there have been no payments received at all. Accounts totalling £151,500 are expected to be written off before the end of the current financial year.

4.3.2 The Bad Debt Provision for rechargeable repairs, which is held on the Authority's Balance Sheet, currently stands at £708,300. The HRA estimates for 2010/10 and 2011/12 allow for a £50,000 contribution to this provision in each year therefore, taking into account the expected write offs, at the end of 2011/12 the provision will stand at £656,800; this amount will be reduced by the amount of any further write-offs done before the end of 2011/12.

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 £67,500 for 2010/11 and a similar amount in 2011/12 bringing the forecast bad debt provision at 31 March 2012 to some £791,800.

4.3.4 Accounts raised 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.

5.0 2011/12 HOUSING REVENUE ACCOUNT (HRA) AND THE HRA WORKING BALANCE

5.1 2011/12 Housing Revenue Account

5.1.1 The Housing Revenue Account Estimates are detailed in Appendix 1. Three 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 2011/12 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 2011/12 assume the Management Fee to be £13,017,800 which simply reflects the effect of inflation and prior year adjustments; any changes to this figure during negotiations will impact on the level of 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 had on-going concerns over the potential for subsidy losses which would have a significant adverse impact on the HRA. The situation will be affected by the changes to the current subsidy system that will apply in 2012/13 and so further work will be required to understand the full impact of the changes on any potential transfer of properties.

Should the transfer 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 met from elsewhere within the General Fund; no provision has currently been made for these costs.

§ Sheltered Housing is the subject of a full review and following consultation a number of options have been drawn up. These will be considered by the Scrutiny Committee (Internal) on 17 February 2011 and it will then be necessary to assess the impact that the final decisions will have on the HRA in terms of rent income, voids levels, capital and revenue expenditure and so on. The figures relating to sheltered accommodation shown later in this report are based on the current situation.

5.1.2 The detailed Housing Revenue Account shown in Appendix 1 assumes an increase in rents equivalent to an average of **6.52%**.

5.2 The HRA Working Balance

5.2.1 The HRA needs to have a certain level of balances in order to 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 however as part of a longer-term approach to HRA finances the Council have established a Golden Rule regarding the minimum level of HRA 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 still needs to be reviewed each year based on a risk assessment of the major issues that could affect the financial position of the HRA.

5.2.3 Applying the above rule would require the minimum HRA working balance to be:

Financial Year	Average no of Properties	Balance at year end £
2010/11	8,298	829,800
2011/12	8,280	828,000
2012/13	8,265	826,500

5.2.4 The HRA opening balance for 2010/11 was a surplus of £781,300, being a decrease of £165,500 over the budgeted working balance.

5.2.5 Appendix 1 shows that the estimated working balance will be **£797,400** at 31st March 2011 and **£1,136,100** at 31st March 2012.

5.2.6 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 affect the balances. In addition, there is considerable uncertainty about future years' funding for the HRA pending the assessment of the 'Implementing Self Financing' policy document.

6.0 THE ASSET MANAGEMENT PLAN

6.1 2009/10 was the final year of the ALMO supported borrowing approvals. For 2010/11 and 2011/12 the only assumed resources for Capital Works and Regeneration are the Major Repairs Allowance and a small housing subsidy allocation for the provision of energy performance certificates.

6.2 The Major Repairs Allowance will cease from 2012/13 with the move to a self-financing HRA system. Major works to the housing stock will essentially be funded from rental income. Identification and timing of future major works will be key factors in the drawing up of the 30 year HRA Business Plan now details of the self financing implementation have been published.

6.3 The Major Repairs Allowance for 2011/12 is £4,961,300 and the funding for energy performance certificates is £33,200 giving a planned spend of £4,994,500.

6.4 The planned spend does not reflect the requests that have been submitted for additional capital resources for 2011/12 for carrying out DDA compliance works at Sheltered schemes, works required to communal areas and low carbon retrofit. If these requests are approved then the spending plans will be revised.

7.0 RENT INCREASE

7.1 As discussed earlier in paragraph 2.10, the Government has set a weekly average limit rent for Bury of £65.61, which takes into account national guideline increases and the revised period for the implementation of rent restructuring. Adopting the guideline increase and the revised restructuring period in the rent formula results in an average increase of **6.52%** and the figures in this report are based on the assumption that we increase rents on this basis.

7.2 There are currently 379 garages being charged at the rate of £5.39 per week (50 weeks). The last increase was in April 2010 when the charges rose in line with the percentage increase in council house rents; increases for 2011/12 in line with the recommended rent increase of 6.52% would result in a weekly increase of £0.35 giving a rate of £5.74 per week (over 50 weeks); this would bring around £4,700 of extra income into the HRA in 2011/12 (based on the current level of voids).

7.3 A review of garage sites has been undertaken. Following a consultation period towards the end of 2010, the Garages Review Steering Group identified around two preferred options for the future of each site. Members of the Steering Group are currently examining the viability of these in more detail. It is expected that this work will be completed by the end of February 2011, with recommendations being made in March 2011.

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 are provided by Adult Care Services for which they receive payment from the Housing Revenue Account.

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. 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.

Lettings have been suspended at 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)

The following schemes were included in the review but lettings have not been suspended as there is no alternative sheltered provision within the locality.

- Harwood House, Tottington
- Mosses House, Bury
- Taylor House, Bury

8.2.5 As explained earlier, HRA budgets for 2011/12 have been based on the current position i.e. no assumption as to the financial implications of recommendations in the sheltered housing options report

8.2.6 It is proposed that the standard weekly Support Charge per unit is reduced from £20.61 to £18.39 (on a 50 week basis) for 2011/12 as this is the maximum amount that it is expected will be funded by the Supporting People commissioners for eligible tenants following reductions in the Supporting People grant (as set out in the Budget 2011/12 report).

8.2.7 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 is 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 £2.96 1 tenant
- Griffin Close £2.70 1 tenant

8.2.8 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 2011/12 reduced by £2.21 per week.

8.2.9 The total cost to the HRA of the protections proposed above is estimated to be £400 in 2011/12.

8.2.10 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 2011/12.

8.2.11 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 £50,700 in 2011/12.

8.2.12 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 2010/11 £	Proposed Amenity Charge 2011/12 £	Proposed Amenity Charge increase / (decrease) %
Clarkshill	16.82	17.27	2.7
Elms Close	1.74	1.80	3.4
Elton Square House	18.07	18.75	3.8
Falcon House	8.64	9.03	4.5
Griffin House	8.49	8.56	0.8
Harwood House	17.53	17.61	0.5
Moorfield	19.42	19.68	1.3
Mosses House	15.77	15.91	0.9
St. Mary's Court	14.46	15.09	4.4
Stanhope Court	7.58	8.00	5.5
Taylor House	17.76	17.90	0.8
Top O'th Fields 1	16.74	17.27	3.2
Waverley Place	18.81	18.97	0.8
Wellington House	24.07	25.33	5.2
Wesley House	15.67	15.83	1.0

8.3.2 Changes in amenity charges reflect increases or decreases in the costs of maintaining communal facilities e.g. pay awards for domestic staff and changes in energy costs. The level of increase or decrease depends on the facilities provided at each scheme. Changes in energy costs and consumption are the main cause of the higher increases required at some schemes

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 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 £63,200 in 2011/12.

8.3.5 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.

8.4 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/ (Decrease) %**
Taylor House	14.33	14.11	(1.5)
Clarks Hill	8.33	8.89	6.7
St. Mary's Court	10.16	11.19	10.1
Waverley Place	13.00	13.67	5.1
Harwood House	11.03	12.76	15.7
Wesley House	10.97	13.45	22.6

8.4.3 The above Sheltered schemes are part of the Council's overall procurement of energy and the proposed charges are based on the current contract price and estimated levels of consumption.

8.4.4 Heating Charges are not eligible for Housing Benefit however most Sheltered Tenants should be eligible for Winter Fuel Payments; for winter 2010/11 the rates for these are £250 per household for those aged 60 or over (at 5 July 2010, rising to £400 per household for those aged 80 or over (at 26 September 2010).

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. There are currently 135 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 Increases in charges to cover inflation in the costs of the scheme e.g. costs of replacement furniture and fittings are normally implemented from the first rent week in April of each year. However it is proposed that the current charges remain unchanged for 2011/12 as more efficient procurement has led to stability in replacement costs. The current weekly charges, (on a 50 week basis), are:

- 1 bed property £17.92
- 2 bed property £21.10
- 3 bed property £24.28

Councillor Iain Gartside, Cabinet Member for Resource, HR and Performance

Councillor Michael Hankey, Cabinet Member for Health and Well-being

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List of Background Papers:-

Budget Working Papers

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