REPORT FOR DECISION

Bury COUNCIL

Agenda Item	

MEETING:	**EXECUTIVE** **SCRUTINY COMMITTEE (INTERNAL)** **COUNCIL**
DATE:	**15 FEBRUARY 2012** **15 FEBRUARY 2012** **22 FEBRUARY 2012**
SUBJECT:	**HOUSING REVENUE ACCOUNT 2012/13**
REPORT FROM:	**DEPUTY LEADER & EXECUTIVE MEMBER FOR FINANCE AND EXECUTIVE MEMBER FOR ADULT CARE, HOUSING & HEALTH**
CONTACT OFFICER:	**MIKE OWEN, EXECUTIVE DIRECTOR OF RESOURCES** **STEPHEN KENYON, ASSISTANT DIRECTOR OF RESOURCES (FINANCE AND EFFICIENCY)**
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 2012/13 and explains that the Government's rent policy and convergence timetable would lead to an average rent increase for Dwellings and Garages of 7.63%. 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 on the basis of the Government's policy. The report also considers amended charges for Sheltered Support, Amenities and Heating and Furnished Tenancy charges.
OPTIONS & RECOMMENDED OPTION	The HRA Self-Financing settlement 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 with

	a restructuring period that assumes convergence in 2015/16. As a result the report is prepared on the basis of the Government's policy which leads to a 7.63% average rise. Members are reminded that any increase below the guideline would result in a reduction in rental income and would impact both on the authority's ability to work towards implementing target rents and would reduce the amount of income available to support other aspects of the HRA Business Plan. Scrutiny Committee is asked to note the report. Executive is recommended to note the report and request that the Council should consider all matters relating to the Housing Revenue Account 2012/13, the increase in Council House and garage rents and changes to other charges. Council is recommended to: (a) Approve the Housing Revenue Account estimates set out in Appendix 1, subject to later amendment to reflect the agreed Management Fee payable to Six Town Housing. (b) Determine the average Rent increase, noting the Government's guidance of 7.63% which is assumed throughout this report. Rent increases take effect from the first rent week in April with actual rent increases/decreases on individual properties being determined by the rent formula. (c) Approve Garage rent increases of 7.63% from the first rent week in April. (d) Approve that Sheltered management, support, amenity and heating charges be amended from the first rent week in April in line with the proposed charges in this report. (e) Approve that proposed schemes of protection should be continued for the next twelve months for the Sheltered Support Charges and Sheltered Amenity Charges. (f) Approve that Furnished Tenancy charges remain unchanged from the first rent week in April.

IMPLICATIONS: **Corporate Aims/Policy Framework:**	The proposals accord with the Policy Framework
Statement by Section 151 Officer:	Financial and risk implications are detailed in the report.

Statement by Executive Director of Resources:	The report fully details the Housing Revenue Account for 2012/13.
Equality/Diversity implications:	
Considered by Monitoring Officer:	Yes
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
	Yes		
Scrutiny Committee	Executive	Committee	Council
Internal 15 February 2012	15 February 2012		22 February 2012

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.

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 The way that Council housing is funded is to radically change from April 2012. Currently resources are allocated nationally through the Housing Subsidy system on the basis of a notional HRA for each stock owning authority; 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 (payable to the Department for Communities and Local Government (DCLG)).

1.4 From April 2012 the Government is introducing a self-financing funding system whereby the HRA will retain its rental income locally and use this to provide for management, maintenance and major works to the housing stock. To effect this change in funding each authority has had their housing 'business' valued for a Self-Financing settlement that will require us to take on £78.3m of HRA debt; details of the new system of financing council housing were included in the report to the Executive on 8 February 2012, where approval was given to uplift the Council's prudential indicators in order to allow for the increased level of HRA debt.

1.5 Self Financing of the HRA is subject to a sustainable 30 year Business Plan; details of the Business Plan will be reported to a future meeting of the Executive.

1.6 The Government's calculation of our Self-Financing valuation has been made on the assumption that we will adhere to the rent policy and the timetable for convergence; if rents are not increased in line with this then resources will be lost from the HRA which may impact on the longer term business plan and could require higher rent increases in future years or mean that Council and customer priorities for investment cannot be met.

1.7 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.

1.8 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 2011/12 is £12,742,100.

1.9 For the year 2012/13 the HRA is expected to have an average stock of 8,174 dwellings and 381 garages (of which 380 are available for rent).

The projected changes in the number of dwellings between 1st April 2011 and 1st April 2013 are shown below: -

Number of Dwellings 1st April 2011	8,228
Right to Buy Sales 2011/12	(12)
Sheltered for redevelopment	(26)

Number of Dwellings 1st April 2012	8,190
Right to Buy Sales 2012/13	(32)

Number of Dwellings 1st April 2013	8,158
Average number of dwellings 2011/12	8,209
Average number of dwellings 2012/13	8,174

The Self-Financing valuation has been based on an assumed level of Right to Buy Sales for each authority. Our settlement assumes that we will have 32 RTBs in 2012/13 so the HRA estimates have been prepared on this basis. If the level of sales is below this figure, which given the current level of activity is likely to be the case, then this will result in more rental income to the HRA than has been assumed.

1.10 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.

1.11 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 2012/13.

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 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 Prior to 2011/12 we complied with the Government's rent policy – increasing rents in line with guideline increases and the convergence timetable whilst also keeping average increases to suggested lower levels as requested by ministers in those years where compensation was offered through the subsidy system.

2.6 At the Council meeting in February of last year an average increase of 6.52% was recommended, this being in line with the rent setting policy and convergence timetable, however a subsequent amendment was agreed that increased the rents by an average of 5.99%; this decision meant a reduction of £135,800 in potential HRA rental income.

2.7 For 2012/13 the Government has specified the RPI as 5.6% with a convergence date of 2015/16 so individual rent increases will be capped at 5.6% + 0.5% + £2 per week (on a 52 week basis). The Government has set a weekly average limit rent for Bury of £73.13 (50 week basis). 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 restructuring period into Bury's housing portfolio results in an average increase of **7.63**%.

2.8 The following table shows the difference between the current rents and the rents for 2012/13 as calculated under the formula. The calculations show the effect of the authority's target rents rising in line with the Government's guideline increase and adopting the restructuring period i.e. the **minimum 'required' increase of 7.63% (average)**. The rents shown in the table are all on a 50 week basis.

TYPE	NUMBER OF BEDROOMS	VALUATION AT JAN' 1999 VALUES	RENT 2011/12	PROPOSED RENT 2012/13	INCREASE OVER ACTUAL 2011/12 RENT		RANGE OF INCREASES HIGHEST	LOWEST
		£	£	£	£	%	%	%
Bed-sit	0	22,807	52.17	56.24	4.07	7.8	11.3	6.5
Bungalow	1	30,705	60.45	65.35	4.90	8.1	9.7	6.5
Flat	1	28,396	59.71	64.42	4.71	7.9	10.3	5.4
House	1	29,410	61.46	66.00	4.54	7.4	7.4	7.4
Bungalow	2	39,487	72.35	77.44	5.09	7.0	8.0	6.3
Flat	2	29,541	66.22	71.26	5.04	7.6	9.5	5.1
House	2	34,644	68.74	73.92	5.18	7.5	10.3	5.5
Maisonette	2	32,132	68.10	73.10	5.00	7.3	7.4	7.3
Flat	3	29,702	70.65	76.29	5.64	8.0	8.4	5.1
House	3	37,570	75.70	81.30	5.60	7.4	9.9	5.0
Maisonette	3	33,843	74.51	79.90	5.39	7.2	7.5	6.9
House	4/6	38,619	82.89	88.69	5.80	7.0	8.9	5.6
		32,581	**66.85**	**71.95**	**5.10**	**7.6**	**11.3**	**5.0**

2.9 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.

2.10 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 current subsidy system will remain in place for 2011/12. The calculation of our 'notional' HRA results in an assumed surplus of £6,393,400 for 2011/12; this amount must be paid to the D.C.L.G. (in ten monthly instalments from May to February)

3.3 Appendix 3 details the 'notional' HRA for 2011/12 which results from the Housing Subsidy Determination for 2011/12.

4.0 PERFORMANCE

4.1 Voids

4.1.1 The rent lost on empty properties is projected to be 1.93% over the course of 2011/12; this will mean an increase in rent income of approximately £18,600 as the original budget allowed for a void level of 2%.

4.1.2 The level of void loss for 2012/13 has been assumed at 2% which should be an achievable 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 2012/13 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 2013/14 or targeted during the coming financial year for service developments.

4.1.4 Appendix 4 details the loss or increase in rental income at different void levels if the 2% is not achieved in 2012/13.

4.2 Rent Arrears

4.2.1 The opening arrears and current levels for 2011/12 are shown in the following table. The figures reflect the fact that around £100,000 of Former Tenant Arrears has been written off during 2011/12. Write offs totalling £29,600 are awaiting approval and it is anticipated that a further £25,000 could be written off before the end of the 2011/12. All write offs are done in accordance with the Corporate Debt Write Off Policy as approved by the Executive.

	Opening Arrears 2011/12 £	Current Position £	Increase/ (Reduction) in arrears £
Current Arrears	452,900	391,300	(61,600)
Former Tenant Arrears	364,500	375,200	10,700
	817,400	766,500	(50,900)

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 £625,800 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 2011/12 allowed for a contribution of £75,000 to the Bad Debt Provision but looking at the arrears position, it is now estimated that the provision will need an increased contribution of £91,000 in 2011/12. All things being equal this suggests that the Provision will stand at £562,200 at the end of 2011/12.

4.2.5 The 2012/13 estimates allow for an additional contribution to the provision, totalling £252,100:

- For uncollectable debts £151,300
  This figure represents 0.6% of the rent roll and is an increase over the expected contribution in the current year; this is to reflect the volatility in arrears levels and the higher rent levels assumed for 2012/13.

- For the impact of benefit reforms £100,800
  This figure represents 0.4% of the rent roll and has been included as an additional contribution to the Bad Debt Provision to reflect the potential impact that welfare benefit changes could have on the level of rent arrears.

If the arrears position is not as severely impacted upon as has been estimated then a lower contribution may be required which would release additional resources in the HRA; conversely if the arrears position should deteriorate more significantly then additional contributions to the Bad Debt Provision could be required and 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 around £809,800 of which £708,100 is debt over 1 year old. Of the debt over 1 year old around £497,000 appears to be static debt i.e. there have been no payments received at all. Accounts totalling £107,700 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 £680,300. The HRA estimates for 2011/12 and 2012/13 allow for a £50,000 contribution to this provision in each year therefore, taking into account the expected write offs, at the end of 2012/13 the provision will stand at £672,600; this amount will be reduced by the amount of any further write-offs done before the end of 2012/13.

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 £57,100 for 2011/12 and a similar amount in 2012/13 bringing the forecast bad debt provision at 31 March 2013 to some £786,800.

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. Billing and recovery arrangements will be continually reviewed to ensure effective recovery.

5.0 2012/13 HOUSING REVENUE ACCOUNT (HRA) AND THE HRA WORKING BALANCE

5.1 2012/13 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 2012/13 is currently being finalised between Six Town Housing and the Council. The HRA Estimates for 2012/13 assume the Management Fee to be £12,718,600 which simply reflects the effect of prior year adjustments; any changes to this figure during negotiations will impact on the level of HRA balances.

- § Under the new self-financing regulations, the Council no longer has to pay Housing Subsidy to the Government (approx £6 million pa), however the Council has to inherit housing debt calculated by the Government (£78m). In simple terms, the saving on subsidy payments meets the cost of both the existing and the newly acquired HRA debt. This arrangement is managed through a 30 year Business Plan. Most Authorities are experiencing "headroom" in their Business Plan, whereby additional funds are potentially available to support investment in the Housing Stock / other Housing priorities. It is important that any investment is undertaken prudently and on a sustainable basis. For this reason, headroom is being set aside in a reserve pending the completion of key studies, e.g. Housing Stock Asset Management Plan and the Housing Strategy. Members and tenants will be consulted further as proposals are developed.

- § 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 introduction of the new self-financing HRA so further work is being undertaken to update the feasibility study and understand the full impact of any potential transfer on the HRA Business Plan; no provision has currently been made within the HRA for any additional costs that may arise.

5.1.2 The detailed Housing Revenue Account shown in Appendix 1 assumes an increase in rents equivalent to an average of **7.63%**.

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 Whilst the ending of the Housing Subsidy system removes the unpredictability associated with awaiting an annual determination, the introduction of a self-financing HRA brings new risks particularly in relation to interest rate changes and any factors that can impact on the level of rental income assumed.

5.2.3 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 Executive Director of Resources has previously 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.

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

Financial Year	Average no of Properties	Balance at year end £
2011/12	8,209	820,900
2012/13	8,174	817,400
2013/14	8,140	814,000

5.2.5 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 may not be adequate given the need to provide for the increased risks associated with the new self-financing system. Therefore the Executive Director of Resources and the Council's s151 Officer are now recommending that for 2012/13 the HRA balances should not be allowed to fall below **£1,000,000.**

6.0 THE ASSET MANAGEMENT PLAN

6.1 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 in future be funded from rental income. The identification and timing of future major works are key factors in the development of the 30 year HRA Business Plan.

6.2 Six Town Housing are developing an Asset Management Strategy, in consultation with customers and stakeholders, which will inform the 30 yr HRA Business Plan; details of both the Asset Management Strategy and the HRA Business Plan will be reported a future meeting of the Executive.

6.3 The government's calculation of our Self-Financing valuation assumes an increased level of Major Repairs expenditure, based on the work performed by the Buildings Research Establishment in their review of the Major Repairs Allowance; this includes an assumption of expenditure for disabled facilities adaptations to HRA dwellings.

6.4 It is proposed that for 2012/13 the resources made available from the HRA for capital expenditure should be set at the level assumed in the self-financing determination (along with the on-going contribution for the provision of Energy Performance Certificates):

Major Works	£6,872,000
Disabled Facilities Adaptations	£498,000
Energy Performance Certificates	£32,900
Total capital resources 2012/13	£7,402,900

6.5 The HRA estimates for 2012/13 have been prepared on this basis. Approval of the Capital Programme will form part of the consideration of the overall Council budget so should there be any change to the assumed level of resources this will impact on the HRA balances.

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 £73.13, which takes into account national guideline increases and the period for the implementation of rent restructuring. Adopting the guideline increase and the restructuring period in the rent formula results in an average increase of **7.63%** and the figures in this report are based on the Government's policy.

7.2 There are currently 380 garages being charged at the rate of £5.71 per week (50 weeks). The last increase was in April 2011 when the charges rose in line with the percentage increase in council house rents; increases for 2012/13 in line with the Government indicated rent increase of 7.63% would result in a weekly increase of £0.44 giving a rate of £6.15 per week (over 50 weeks); this would bring around £5,700 of extra income into the HRA in 2012/13 (based on the current level of voids).

7.3 A review of garage sites across the Council has been undertaken. A report is due to be taken to the Executive in March 2012 regarding proposed future use of a small number of sites with a further report on the remaining sites to be taken to Executive in the summer.

8.0 SHELTERED 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 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 Management and 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 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.

8.2.3 The costs of the services provided by Adult Care Services have been reviewed to ensure that the costs of management and support are clearly identified and charged for appropriately. This review concluded that some of the service costs relate to additional housing management arising from the nature of Sheltered scheme provision, for example management and monitoring of communal facilities. These costs are not related to support and therefore should not be funded through Supporting People budgets.

8.2.4 Following the above review it is proposed that a Sheltered Management charge, covering the identified additional housing management costs, should be introduced from the first rent week in 2012/13:

Standard weekly charge per unit (on a 50 week basis):

Sheltered schemes (other than Extra Care)	£10.18
Extra Care schemes (Falcon House/Griffin House)	£14.17

8.2.5 These charges will be eligible for Housing Benefit purposes and it is expected that benefits will be payable to accepted claimants.

8.2.6 Following the review of the current charging structure and the proposed introduction of the Sheltered Management charge it is recommended that the standard weekly Support Charge per unit is reduced from £18.39 to £8.33 (on a 50 week basis) for 2012/13. This charge will apply at all Sheltered schemes other than the Extra Care schemes at Falcon House and Griffin House and will be eligible for Supporting People funding for eligible tenants.

8.2.7 Overall the total proposed weekly charge per unit for Sheltered Management and Support (for schemes other than Extra Care) is £18.51 which is an increase of £0.12 (0.65%) over the current Support Charge.

8.2.8 There are currently three remaining tenants receiving protection as they were existing tenants, not in receipt of housing benefit, who would have been unduly affected by the introduction of the standard weekly charge in April 2008. It is proposed that this protection should be continued; the proposed reductions in the weekly charge are:

- Elms Close £2.96
- Griffin Close £2.70
- Maple Grove £2.21

The total cost to the HRA of the protections proposed is estimated to be £400 in 2012/13.

8.2.9 An Extra Care Sheltered Scheme is 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 2012/13. Following the review of the current charging structure and proposed introduction of the Sheltered Management charge it is expected that the charges levied by Adult Care Services will reduce accordingly.

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 Sheltered Management, Support and Amenity Charges for each scheme:-

	Current Amenity Charge 2011/12 £	Proposed Amenity Charge 2012/13 £	Proposed Amenity Charge increase / (decrease) %
Clarkshill	17.27	15.45	(10.5)
Elms Close	1.80	1.80	-
Falcon House	9.03	9.03	-
Griffin House	8.56	8.76	2.3
Harwood House	17.61	17.53	(0.5)
Moorfield	19.68	20.06	0.4
Mosses House	15.91	15.91	-
Stanhope Court	8.00	8.07	0.9
Taylor House	17.90	17.90	-
Top O'th Fields 1	17.27	17.27	-
Waverley Place	18.97	18.97	-
Wellington House	25.33	25.66	1.3

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 therefore there are likely to be gains or losses in terms of the amount of income collectable. 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	14.11	16.63	17.8
Clarks Hill	8.89	10.29	15.7
Waverley Place	13.67	14.14	3.4
Harwood House	12.76	14.29	12.0

8.4.3 The above Sheltered schemes are part of the Council's overall procurement of energy and the proposed charges are based on expected contract prices 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 2011/12 the rates for these are £200 per household for those born on or before 5 January 1951, rising to £300 per household for those aged 80 or over at 25 September 2011.

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.

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 162 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 2012/13 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 John Smith
Deputy Leader &
Executive Member for Finance

Councillor Rishi Shori
Executive Member for Adult Care,
Housing & Health

List of Background Papers:-

Budget Working Papers

Contact Details:-

Mike Owen, Executive Director of Resources (Tel: 0161 253 5002);
E-mail : m.a.owen@bury.gov.uk

Stephen Kenyon, Assistant Director of Resources (Tel: 0161 253 5237)
E-mail : s.kenyon@bury.gov.uk