

## **BUSINESS SUPPORT OVERVIEW & SCRUTINY COMMITTEE**

**27 JANUARY 2011**

### **HOUSING REVENUE ACCOUNT CAPITAL AND REVENUE BUDGETS 2011/2012**

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#### **Summary**

This report details how the Housing Revenue Account revenue and capital budgets have been drafted and explains the business objectives for the Housing Revenue Account in 2011/2012.

It gives details of the Revenue and Capital Budgets for 2011/2012 and seeks approval for new rent and service charges levels commencing April 2011.

It also provides a copy of the proposed 5-year planned maintenance delivery plan attached as Appendix E.

#### **1. Budget and Policy Framework**

- 1.1 In accordance with the constitution, Full Council is required to carry out an annual review of rents and notify tenants not less than 28 days prior to the proposed date of change.
- 1.2 The Committee is asked to consider this matter as urgent as the Housing Revenue Account budget 2011/2012 has to be considered at Cabinet on 15 February 2011 and then at the Full Council budget meeting on 24 February 2011.

#### **2. Background**

- 2.1 The comments and recommendations of this Committee will be collated for onward despatch to the Cabinet on 15 February 2011.

2.2 The Council is required under the Local Government and Housing Act 1989 to ensure that the Housing Revenue Account does not fall into a deficit position.

2.3 The preparation of the 2011/2012 Housing Revenue Account budget has been driven by a number of specific issues that impact upon the service. These drivers are listed below and explained in more detail in the following paragraphs;

- Rent Restructuring,
- Performance Management,
- Business Planning

### 3. Rent

3.1 Members will be aware of the Governments' initiative to converge social housing rents between local authorities and registered social landlords by March 2012. The underlying principle is that actual rents are required to converge with formula rents (based on beacon values). As formula rents will increase by 5.1% (RPI Sept 2010 + 0.5%) it is inevitable that rents will rise in excess of this percentage. However, the increase on rents is limited to 5.1% plus £2 per week.

3.2 The key decision for members is how much to increase rents by where those rents are below target rent (in the 19 cases where actual rents are currently above target rent it is proposed that those rents be reduced accordingly, average reduction £1-£1.25pw). Members can choose to spread the increase to target rent over a further 5 years for all tenants (Option 1), which gives an average increase of 5.1% (including those which reduce). Alternatively (Option 2), members could apply the maximum increase allowed, which would mean an average increase of 6%. Option 2 would raise an estimated £95,000 more in rent income and move an additional 1,000 properties to target rent.

3.3 Option 3 is a 'hybrid' option that would adopt 'smoothing' as in option 1 but only in those cases where the variance to target rent is in excess of 50p per week. This would give a very marginal increase in the average rent set against option 1 at 5.16 % but would move an additional 713 properties to target rent.

Option	Proposal	Income generated -v - Option 1	Average increase	Maximum increase	Properties at target rent (out of 3,047)	Average Rent
1	Smoothed increase towards target rent		£3.59pw (5.1%)	£6.74pw (8.5%)	834	£74.39
2	Maximum increase	+£95,000	£4.21pw (6%)	£6.74pw (9.5%)	2,138	£75.01

3	Hybrid – smoothed increase only where variance to target rent > 50p per week. Others move to target rent.	+£6,500	£3.63pw (5.2%)	£6.74pw (8.5%)	1,547	£74.43
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- 3.4 It is recommended that Option 3 be chosen as the preferred option. This will move many properties to target rent whilst restricting rent increases to an average of £3.63 per week or 5.16%. Appendix B gives details as to the projected average rents by stock type for 2011/2012, should this option be chosen, and compare these with 2009/2010, 2010/2011 and the formula rent for 2011/2012.
- 3.5 Appendix D attached details the impact of the three options in terms of both monetary and percentage increases.
- 3.6 Rents under this arrangement are exclusive of service charges. The rent restructuring initiative requires service charges to be disaggregated from the rent calculation, charged separately and is based on actual expenditure.
- 3.7 The 2010/2011 rent charge for garages is £5.69 per week for Council tenants and £7.57 per week plus VAT (£9.08) for other residents. It is proposed that garage rents will increase by 4.6% from April 2011 and the new charge will be £5.94 per week for Council tenants and £7.92 per week plus VAT (£9.50) for other residents. It is estimated that this will generate an additional income of approximately £8,900 over the projected income for 2010/2011. Due to the number of voids and the current economic conditions, there is an option that garage rents could either remain at current levels for 2010/2011 or be increased by a smaller percentage than given above. The additional rental income gained (and therefore foregone if the rents are not increased) will be equivalent to £1,930 per annum for each percentage point taken.

#### **4. Service Charges**

- 4.1 Service charges for 2011/2012 will be calculated using estimated costs based upon actual charges for previous years. Guidance states that, whilst increases should be confined to inflation plus 0.5%, the cost of providing services to tenants should be fair and fully recovered.
- 4.2 A review of service charge expenditure for 2008/2009 highlighted a number of areas where the cost of providing the service was not being fully recovered. A further analysis of costs relating to 2009/2010 shows that the total cost of providing the services was £789,220, whereas the total charges levied to tenants and leaseholders was just £600,410, a shortfall of £188,810. Particular services such as estate services (caretaking), communal electricity, communal heating and grounds maintenance demonstrate a large gap between the cost of providing the service and the income recovered through charges to tenants.

- 4.3 It is estimated that significant increases over and above inflation for Estate Services (16.75%), Communal Electricity (8.4%), Window Cleaning (7.3%) and Grounds Maintenance (6%) would be needed for the years 2012/2013 to 2014/2015 if the true costs of providing the services are to be fully recovered by the end of that period.
- 4.4 Members agreed as part of the 2010/2011 budget, to introduce a programme of above inflation increases, where required, between 2011/2012 and 2014/2015, to ensure that the true costs of providing the services are recovered by the end of this period.
- 4.5 Some charges are funded through the Supporting People Grant, and therefore any proposed increases for these particular charges can only be made if there is a similar increase through the Supporting People Grant. Funding for Supporting People is no longer discrete but now forms part of the overall formula grant and is subject to the requirement to find savings of £23.4m in the overall General Fund budget so cannot be assumed to be as current.

Any cuts in the Supporting People grant to sheltered housing will mean that efficiencies will need to be found to compensate for this, otherwise the non-recovery of service charges would be higher.

- 4.6 For costs that are under the direct control of the Housing Revenue Account, a further option will be to reduce current levels of service to meet the levels of income currently received, subject to appropriate tenant and leaseholder consultation. Savings have already been found in year by a restructure of staff, and further efficiencies will be targeted to ensure that costs are reduced where possible.
- 4.7 To assist with this reduction of costs, a review of the estate services team is currently taking place, and therefore officers suggest that the service charge should only be increased by inflation for 2011/2012 as this review could help to reduce the level of service charges in this area. Appendix C details the projected percentage increases required against each type of service charge in 2011/2012, the number of tenancies that are affected and a comparison of the average weekly service charge levies from 2010/2011 to the proposed 2011/2012 charges.
- 4.8 The average service charge increase for 2011/2012 across all charges is 7.56% or £0.06 per week.

## **5 Performance Management**

- 5.1 The financial management of the Housing Revenue Account is directly linked to key performance in a number of operational areas (void management, rent collection and arrears recovery).

### **5.2 Void Management**

- 5.2.1 There is a direct correlation between the time a property remains void and the rent foregone.

- 5.2.2 For 2010/2011 a target for void property rent and service charge loss was set at 1.32% of the rent debit, equating to £158,265. Year to date actual performance is currently at 0.97%, a financial rent loss of £114,430 if performance remains at current levels.
- 5.2.3 For 2011/2012 the provision for void rent and service charge loss has been set at 0.81%, or in financial terms £99,650.

### **5.3 Rent Collection/Bad Debt Provision**

- 5.3.1 The collection rate for rent and service charges and the performance in managing rent debt is critical to the financial position of the Housing Revenue Account and has a direct impact on the amount of bad debt provision that has to be set aside.
- 5.3.2 It has been calculated that the collection level of rent and service charges for 2010/2011 will be 99.78% against an original target of 99.62%, which will result in current tenant rent arrears at 3 April 2011 of around £350,000. However, it is projected that total arrears, both current and former tenants, will be in the region of £790,000, an increase of £17,000 compared with the previous year.
- 5.3.3 In order to meet top quartile performance, the level of current rent arrears should be around 2.09% of the rent and service charge debit (Source: Housemark September 2010 PI for Housing Providers in London/South East England), which is calculated as around £257,000 whilst median quartile at 3.23% would equate to £396,000 as at 1 April 2012. Therefore by setting a target of £316,000, which is above median but below upper quartile, we will be delivering an improved service and moving towards a comparable upper quartile performing service. In order that overall rent arrears targets (both current and former) are met, and assuming the transfer of current debt to former debt, through terminated tenancies with arrears balances of £60,000, it will be necessary that the collection rate target is set at 100.07% (rents plus arrears).
- 5.3.4 As at 31 March 2012, the projected requirement for bad debt provision will be £528,965 and will require an additional contribution from revenue of £51,640, which has been included within the 2011/2012 budgets.

## **6 Business Planning, the Cessation of Housing Subsidy and the Self-Financing Option**

- 6.1 The Government stated its intention to end the current housing subsidy system with the introduction of self-financing as part of the comprehensive spending review in October 2010. Further details were announced in the Localism Bill during November 2011, where it was stated that housing subsidy would cease at the end of 2011/2012, and self-financing will commence from 2012/2013.
- 6.2 In order to achieve this, there will be a requirement to make a 'one-off' payment to central government equivalent to 30 years worth of housing subsidy payments. The 'offer' to Councils will be made towards the end of January 2011 and will be based upon uplifts in allowances (management,

maintenance and major repairs allowance) against projected rental income over that period. These figures will then be discounted to bring them to current prices. The final figure will then need to be 'borrowed' and this figure will be added to the current level of HRA debt.

- 6.3 Officers will model the financial effects of the offer, together with the future planned maintenance requirements for the stock as a result of the full stock condition survey, and present this to Members and tenants forums in order that this can inform the future direction that the Housing Revenue Account for Medway is taken.
- 6.4 The Council is required to produce a HRA business plan covering a period of thirty years based on projections of income and expenditure, performance and assumptions such as the loss of stock from right to buy. It incorporates a financial projection over the thirty-year period and provides the framework for strategic decision-making.
- 6.5 It is intended that a revised business plan will be produced once the self-financing offer has been received. The recent stock condition survey and new asset management plan will be used to draw up a detailed 30-year capital programme. The 30-year business plan will show detailed costings behind the management and maintenance of the stock to give a sustainable position over that period of time. The plan must follow a consultation process, and will be then presented to Members and tenants for approval.
- 6.6 The business plan must be reviewed at least annually to ensure that the business is financially sustainable.
- 6.7 Early calculations have shown that, whilst under the current housing subsidy system, there is not enough finances in the HRA to maintain the stock in the medium to long-term, it is anticipated that under self-financing, this position is likely to improve such that the financial position will be stabilised for the life of the business plan.

## **7 Housing Revenue Account Expenditure**

- 7.1 Generally, all expenditure, including staff related, will remain at 2010/2011 levels for 2011/2012 to reflect the current economic climate in line with the Medium Term Financial Plan.
- 7.2 The cost of housing benefits under rent rebate limitation is the responsibility of the Housing Revenue Account. For 2011/2012, it is projected that the cost of this will be just under £150,000. For future years it is anticipated that this figure will reduce due to the convergence of actual rents with formula rents.

### **7.3 Capital Financing Costs**

- 7.3.1 These are charges relating to the debt incurred by the Housing Revenue Account for capital schemes.

7.3.2 The estimate for 2011/2012 can be split into separate components, depreciation (equivalent to the Major Repairs Allowance), capital financing and debt management charge.

## **7.4 Housing Subsidy**

7.4.1 The 2011/2012 final subsidy settlement has been worked through and it is calculated that the Council will have to pay £1.771m to the Government, an increase of 31% compared with the projected payment of £1.357m to be paid in 2010/2011. This is principally as a consequence of a 6.4% increase in the rent income component of the calculation, whilst the expenditure components for management, maintenance and major repairs have increased by only 4.1%, 2.2% and 2.6% respectively.

## **8 Housing Repairs**

8.1 Housing repair expenditure covers both planned and responsive maintenance some of which is capital funded. The funding is split between HRA balances and the major repairs allowance (MRA). The MRA can be spent on either capital or revenue works provided it is allocated to catch up repairs. Government guidelines have stated that local authorities should be moving away from responsive repairs and towards increased planned maintenance expenditure to achieve a spend ratio of 30:70.

8.2 Whilst the detailed plan for capital works within 2011/2012 is currently being produced, in line with the asset management strategy, it has been projected that the total cost of HRA capital works (including disabled adaptations) will be £5.565m. This projected expenditure will be funded by way of:

1. £2.875m Major Repairs Allowance/Major Repairs Reserve
2. £2.69m Contribution from HRA Working Balances

8.3 The stock condition survey completed in 2009/2010, together with the asset management plan will allow for better planning of capital costs for works and repairs, and for decisions to be made on planned maintenance. Further information relating to the asset management strategy can be found elsewhere within this report.

8.4 It is not expected that the required programme for 2011/2012 will exceed £5.565m. If however any additional expenditure is required due to unforeseen exceptional circumstances, it could be funded from the remaining working balance.

8.5 Based on the draft proposed combined capital (£5,565m) and revenue (£2.308m) work programmes the financial split in 2011/2012 is likely to be:

- Responsive Maintenance                      £2.375m
- Planned Maintenance                         £5.498m

This split will equate to a 30:70 spend ratio for 2011/2012.

- 8.6 The revenue expenditure budget funds all general day to day repairs, emergency repairs, repairs to void properties, lift maintenance, estate improvements and repairs programme, and central heating maintenance.
- 8.7 The proposed capital budget of £5.565m is split into planned maintenance and disabled adaptations with budgets of £5.168m and £0.397m respectively.

## **9 Housing Revenue Account Working Balance**

- 9.1 There is a requirement to maintain a working balance to safeguard against unplanned and unavoidable increases in expenditure or losses of income and it is generally accepted that the level should be set at approximately £150 per property. At 1 April 2010 the working balance stood at £5.127m whereas, using the recommended figure, the minimum level of working balance should be in the region of £460,000. The excess is available for investment in the stock condition.
- 9.2 The latest revenue monitoring report shows an estimated 2010/2011 surplus of £1.020m less projected costs of the reorganisation, which took place in May 2010 of £0.214m, and would result in a working balance of £5.933m as at 31 March 2011.
- 9.3 The draft 2011/2012 Housing Revenue Account budget, as presented at Appendix A, produces a projected surplus of £0.993m, and after allowing for a contribution to fund the capital programme of £2.69m will produce an estimated working balance of £4.235m at 31 March 2012.
- 9.4 Whilst the projected working balance is substantially greater than the minimum required, (projected to be £1,947 per property as at 31 March 2011) the 30-year Housing Revenue Account business plan is likely to require significant revenue support towards the capital programme, specifically within the next few years to enable catch-up repairs and maintain all properties at the Decent Home Standard.

## **10 Consultation**

- 10.1 The Housing Act 1985 requires the issue of written notification to each tenant a minimum of four weeks in advance of the date that the increase becomes operative. For 2011/2012 the latest date for posting the notices is 2 March 2011.
- 10.2 The council has developed a Resident Engagement Strategy detailing how we will consult and engage with tenants in partnership with tenant's forums. In order to support this commitment, we will consult with residents through the Tenant Scrutiny Panel at their meeting scheduled for 21 January and a fuller consultation event is planned for 9 February 2011 and their views will be available to Cabinet when they consider these proposals, together with the rest of the Council budget at the meeting to be held on 15 February 2011. Views from the Tenant Scrutiny Panel meeting on 21 January will be verbally given to members of this committee.



## 11 The Housing Asset Management Strategy

- 11.1 The housing stock represents one of the councils highest value assets and its repair and maintenance is a significant liability, therefore planning for its sustainable future is important. Effective and efficient management of the housing assets plays an important part in delivering many of the council's corporate priorities and strategic objectives and the Asset Management Strategy (AMS) provides the long term planning, provision and sustainability of assets. The AMS defines;
- Medway's position with regard to asset management and how this aligns to core business objectives;
  - Needs, future trends and changes influencing these;
  - The stock, its condition, use and required re-investment over the next 30 years;
  - The risks and issues relating to the assets and how these may be reduced;
  - The methodologies and implementation processes for the Strategy
  - Details of the anticipated 5-year capital planned programme of works
- 11.1 To ensure that we manage our housing stock in the most effective way following our revised AMS, officers propose to undertake the following actions :-
- An Asset Management Group (AMG) is to be set up to regularly review the strategy and this will be chaired by the Assistant Director for Housing and Corporate Services. Specific objectives of the management group are described in the AMS.
  - Regular Stock Condition Surveys (SCS) will be undertaken to determine the ongoing condition of the estate the information and will be used to continually review planned and responsive maintenance requirements.
  - A comprehensive Asset Management Database will be maintained to store information,
  - A Viability Model to identify high cost and/or low demand properties to aid decisions on retention, disposal and investment will be used.
- 11.2 The AMS identifies the current position and sets out key actions that will maintain the condition and value of the housing stock and improve service and operational delivery.
- 11.3 The AMS will be regularly reviewed to take into account links with other council strategic objectives including the wider corporate estate, works completed planned and responsive, changes in legislation, government and local initiatives procurement options, availability of funding and other changes that affect the management of Housing Assets. Actions within the strategy will be reviewed and updated to accommodate changes as they occur.

## **12 Finance / 5 Year Planned Maintenance Programme**

- 12.1 One of the key outputs from the AMS is the 5 Year Planned Maintenance Delivery Plan which identifies what works are likely to be required, where those works are likely to be and an estimate of costs over the next five years.
- 12.2 The programme is based upon information gained from Stock Condition Surveys (SCS) completed in 2007 and 2009/10. Of the 3056 council properties, 87% have been surveyed. The SCS information is used to generate the Decent Homes and Planned Maintenance elements of the programme. The SCS identifies the remaining life of an asset or element of a building e.g. roof or kitchen based on industry standard life expectancies, therefore if the construction or installation date is known or can be estimated the year when that particular element is due for replacement can be also be estimated. However, many elements last longer than expected and work will only be carried out when actually needed.

In addition to SCS information there are 'Health and Safety' works identified through further surveys such as Accessibility Audits and Fire risk assessments and 'Improvement' and 'Estate' works e.g. footways, highway, fences, play areas, amenity greens, nominal allowances are made for maintaining these asset areas of work.

- 12.3 The 5-year programme is attached in appendix F and the identified works are clearly in excess of the available budgets based on current available financing.

Works have been prioritised as follows:-

1. All works associated with Health and Safety
2. Maintaining the Decent Homes Standard across the estate.

The cost of these elements is subtracted from the available budget and this leaves a residual budget, which can be used to address backlog and future planned maintenance works. The SCS identified works to items that are already beyond their life expectancy and this is the 'backlog' figure, Year One therefore consists of the 2011/2012 figures plus the backlog.

As the identified works exceed the available budget, the planned maintenance element will also be prioritised by the Assistant Director Housing and Corporate Services and approved or deferred accordingly.

Under current funding arrangements there will continue to be a shortfall and the process for identifying and prioritising works will continue year on year until such time as additional funding is available (possibly through self financing) to catch up with the backlog works.

To assist in the prioritisation process a trend analysis of responsive works will be undertaken to identify where repairs spend is the highest so that planned maintenance can be completed to reduce responsive spend.

- 12.4 By the nature of the stock condition surveys being completed at a fixed point in time and applying life expectancies which are an industry average, the SCS can never be taken as 100% accurate and officers cannot just follow the findings of those surveys. Before completing any works, more comprehensive validation surveys will be carried out to ensure works are actually required.

To provide best value for money and reduce inconvenience for residents to a minimum, where budgets allow officers will also look to combine works, taking a five-year forward view. As an example, where the SCS indicates that for a particular property soffits fascias and gutters are due for replacement in year one, chimneys require re-pointing in year three and roof tiles are due for renewal in year five it would be better to carry out all these works together rather than over a period of years. The validation survey will confirm whether the life of individual elements can be extended so that all works can be completed together. This is a dynamic process in relation to commissioning and managing the works programme.

- 12.5 The stock condition surveys have highlighted back log of maintenance issues that if not addressed will lead to deterioration of the stock and ultimately place a greater burden on the responsive repairs budget increasing each year as the stock continues to deteriorate. The 5-year plan attached indicates the sums required to address Health and Safety issues, maintain decency and deal with some of the back log of maintenance in a programmed way as indicated by our stock condition surveys and in accordance with good practice. There are insufficient funds to deal with all back-log maintenance issues therefore works will be prioritised following more detailed validation surveys to minimise the impact on responsive repairs.
- 12.6 Allowances have been made within the 30 Year tables for Estate Improvements but again there is limited scope for these within existing funding, and expenditure in this area could only be achieved at the risk of not being able to deal with backlog maintenance issues. Estate Improvements will be reconsidered if further funding is available through self-financing or additional efficiencies in the service.
- 12.7 An allowance has been made for capital contributions towards voids. A review of void costs has been completed which showed that there were elements of work required which would normally be part of the planned maintenance programme and should not be included in the standard void specification. Carrying out major works when a property is empty is more cost effective and does not disrupt residents, therefore if major works are required they can be financed through planned works rather than short term repairs being carried out.

## 13 Risk Management

Risk	Description	Action to avoid or mitigate risk
Housing Revenue Account Balance	<p>There is a requirement to ensure that the balance on the Housing Revenue Account does not fall into deficit and a business plan is required to model this need over a thirty-year period. There are two major factors with the potential to impact on this requirement: -</p> <p>a) The level of expenditure required for housing repairs</p> <p>b) Government proposals for local authorities to leave the subsidy system in favour of a self financing Housing Revenue Account</p>	<p>A stock condition survey has been undertaken that will provide a sound basis on which to model future repairs investment.</p> <p>Once Government has issued full and final details of self financing the impact and options for Medway will be analysed and reported back to members</p>

## 14 Financial and legal implications

- 14.1 The financial implications are contained within the body of this report.
- 14.2 Under Section 76 of the Local Government & Housing Act 1989, the council is required, in advance of the financial year, to formulate proposals which satisfy the requirement that, on certain stated assumptions; the Housing Revenue Account for that year does not show a debit balance. The council is obliged to implement those proposals and from time to time to determine whether the proposals satisfy the 'break even' requirement. If not, then the council shall make such provisions as are reasonably practicable towards securing that the proposals, as revised, shall satisfy the requirement.
- 14.3 Under Section 24 of the Housing Act 1985, the council can make such reasonable charges as it determines for the tenancy or occupation of its houses. The council is obliged, from time to time, to review rents charged and make such changes, as circumstances may require. In exercising this function (determining and fixing rent), the council should have regard to the rents charged in the private sector.
- 14.4 A decision to increase rent constitutes a variation of the terms of a tenancy. Under Section 103 of the Housing Act 1985, in respect of secure tenancies, a notice of variation (specifying the variation and date on which it takes effect) must be served on each tenant. For non-secure tenancies (excluding introductory tenancies), a notice must be served that complies with Section 25 of the Housing Act 1985.

## 15 Recommendations

The Overview and Scrutiny Committee is asked to recommend to Cabinet:

- 1) The proposed revenue and capital budgets for 2011/2012, inclusive of an average rent increase in line with option 3 (as detailed in Para 3.4 above) of £3.63 per week (based upon 50 collection weeks and equating to an increase of 5.16%);
- 2) That service charges for 2011/2012 reflect the costs incurred in providing that service, where possible, and that where costs are not fully recovered, the uplift is such that costs can be fully recovered by 2014/2015 using above inflation increases to do so as per Appendix C to this report. The average increase will be 7.56%.
- 3) To agree to the increases in service charges from 2011/2012 to 2014/2015 inclusive at the levels shown in Table 1 of this report in order that the true costs of providing services are recovered

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### Background papers

2010/2011 Revenue Budget report to Cabinet – 30 November 2010  
Housing Asset Management Strategy – December 2010



## HOUSING REVENUE ACCOUNT BUDGET SUMMARY

	Budget 2010/11			Forecast 2010/11			Proposed Budget 2011/12		
	Exp	Income	Net	Exp	Income	Net	Exp	Income	Net
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Housing Revenue Account</b>									
<b>H.R.A. Working Balance B/f</b>			<b>(5,127)</b>			<b>(5,127)</b>			<b>(5,933)</b>
Housing Management	1,013	0	1,013	1,083	0	1,083	1,112	0	1,112
Service Improvement	361	0	361	310		310	350	0	350
Community Development	74	0	74	79		79	73	0	73
Tenancy Services	864	0	864	845	0	845	731	0	731
Housing Maintenance	2,715	0	2,715	2,695	0	2,695	2,712	0	2,712
Sheltered Housing	707	0	707	684	0	684	707	0	707
Estate Services	370	(15)	355	365	(15)	350	505	(4)	500
Housing Finance	157	(22)	134	167	(22)	145	175	(22)	153
Rent Rebate Subsidy Limitation	267	0	267	202	0	202	154	0	154
Capital Financing Costs	3,137	0	3,137	3,172	0	3,172	3,270	(12)	3,258
Rent Income	0	(12,028)	(12,028)	0	(11,801)	(11,801)	0	(12,376)	(12,376)
Housing Subsidy	1,357	0	1,357	1,357	0	1,357	1,771	0	1,771
Other Income	0	(199)	(199)	0	(140)	(140)	0	(137)	(137)
<b>Total Housing Revenue Account</b>	<b>11,022</b>	<b>(12,265)</b>	<b>(1,243)</b>	<b>10,959</b>	<b>(11,979)</b>	<b>(1,020)</b>	<b>11,559</b>	<b>(12,552)</b>	<b>(993)</b>
Further Revenue Contribution to Capital Expenditure			1,761			0			2,690
Costs of Reorganisation						214			
<b>H.R.A. Working Balance B/f</b>			<b>(4,609)</b>			<b>(5,933)</b>			<b>(4,235)</b>





## AVERAGE RENT INCREASES BY PROPERTY TYPE (50 WEEKS)

Property Type	2009/2010 Actual Rent	2010/2011 Actual Rent	2010/2011 Formula Rent	Proposed Rent 2011/2012	Formula Rent 2011/2012	Average Increase 2010/2011 to 2011/2012	Average Percentage Increase 2010/2011 to 2011/2012
Bedsit Bungalow	£55.80	£55.65	£57.42	£58.93	£60.34	£3.28	5.90%
Bedsit Flat	£52.75	£52.68	£54.13	£55.67	£56.89	£2.99	5.68%
1 Bedroom Bungalow	£65.93	£64.11	£63.71	£66.73	£66.96	£2.62	4.09%
1 Bedroom Flat	£60.70	£60.81	£62.65	£64.29	£65.83	£3.49	5.73%
2 Bedroom Bungalow	£74.02	£73.56	£72.54	£76.24	£76.24	£2.68	3.64%
2 Bedroom House	£77.10	£76.32	£76.11	£79.65	£80.00	£3.34	4.37%
2 Bedroom Flat	£67.56	£67.87	£70.06	£71.83	£73.64	£3.96	5.84%
3 Bedroom Bungalow	£86.47	£84.40	£81.41	£85.56	£85.56	£1.16	1.38%
3 Bedroom House	£84.99	£84.21	£85.24	£88.48	£89.59	£4.27	5.07%
3 Bedroom Flat	£73.90	£74.01	£79.08	£78.90	£83.12	£4.89	6.61%
4 Bedroom House	£92.76	£91.75	£92.01	£96.15	£96.69	£4.40	4.80%
5 Bedroom House	£90.07	£91.33	£105.09	£98.07	£110.45	£6.74	7.38%
Sheltered Bedsit for the Disabled	£52.33	£52.21	£52.49	£54.96	£55.17	£2.75	5.28%
Sheltered Bedsit	£52.09	£52.19	£52.49	£54.98	£55.17	£2.79	5.35%
1 Bedroom Sheltered	£60.83	£59.98	£59.23	£62.08	£62.24	£2.10	3.50%
2 Bedroom Sheltered	£66.18	£65.09	£68.76	£69.22	£72.28	£4.13	6.34%
3 Bedroom Sheltered	£72.31	£71.95	£76.00	£76.47	£79.88	£4.52	6.29%
1 Bedroom Sheltered Bungalow	£66.78	£65.08	£61.54	£64.25	£64.67	(£0.84)	(1.28%)
<b>Overall Average</b>	<b>£ 66.78</b>	<b>£ 65.08</b>	<b>£61.54</b>	<b>£64.25</b>	<b>£ 64.67</b>	<b>£3.63</b>	<b>5.16%</b>



**HOUSING REVENUE ACCOUNT - SERVICE CHARGES SUMMARY**

	<b>Inflationary Increase</b> %	<b>Above Inflation Increase</b> %	<b>Proposed Percentage Increase for 2011/2012</b> %	<b>Number of Tenancies Receiving Service Charge 2010/2011</b>	<b>Percentage of Overall Tenancies Receiving Service Charge 2010/2011</b> %	<b>Average Weekly Service Charge 2010/2011</b> £	<b>Proposed Average Weekly Service Charge 2011/2012</b> £	<b>Projected Weekly Variation 2011/2012 to 2010/2011</b> £	<b>Projected (Surplus)/Deficit 2011/2012</b> £'000
<b>Eligible for Housing Benefit</b>									
Adult Services Facilities	4.60%	(4.60%)	0.00%	4	0.13%	14.98	14.98	0.00	N/a
Estate Services (Caretaking)	4.60%	0.00%	4.60%	1,183	38.83%	3.60	3.76	0.16	138
Communal Electricity	4.60%	8.47%	13.07%	1,470	48.24%	0.88	1.00	0.12	29
Grounds Maintenance	4.60%	6.25%	10.85%	1,264	41.48%	0.51	0.56	0.05	7
Sheltered Helpline	4.60%	7.42%	12.02%	271	8.89%	1.83	2.05	0.22	0
Linked Garage	4.60%	0.00%	4.60%	31	1.02%	5.68	5.94	0.26	N/a
Sheltered Management	4.60%	2.39%	6.99%	276	9.06%	12.58	13.46	0.88	13
Window Cleaning	4.60%	6.97%	11.57%	751	24.65%	0.28	0.31	0.03	3
<b>Not Eligible for Housing Benefit</b>									
Cooker	4.60%	(4.60%)	0.00%	220	7.22%	0.64	0.64	0.00	N/a
Fridge	4.60%	(4.60%)	0.00%	106	3.48%	0.64	0.64	0.00	N/a
Communal Heating	4.60%	(6.02%)	(1.42%)	262	8.60%	7.67	7.56	(0.11)	0
Water Rates	4.60%	0.90%	5.50%	250	8.20%	3.12	3.29	0.17	2
<b>Supporting People Eligible Charges</b>									
Community Alarm	4.60%	(11.60%)	(7.00%)	145	4.76%	9.65	8.97	(0.68)	9
SP Helpline	4.60%	(11.60%)	(7.00%)	83	2.72%	2.65	2.46	(0.19)	4
Sheltered Support	4.60%	(11.60%)	(7.00%)	280	9.19%	12.06	11.22	(0.84)	75

N.B. - Cells with an entry of N/a denote services where there is no specific attributable expenditure against which a surplus/defecit can be assessed. The levels for these charges have been set using the best information relating to anticipated costs.



## HOUSING REVENUE ACCOUNT RENT INCREASE OPTIONS 2011-2012

## Financial (50 Weeks)

## Percentage

Increase Per Week (£)	Option 1	Option 2	Option 3	Increase Per Week (%)	Option 1	Option 2	Option 3
	Smoothing	No Smoothing	Partial Smoothing		Smoothing	No Smoothing	Partial Smoothing
(£6.00)-(£5.01)	1	1	1	(9%)-(8%)	0	0	0
(£5.00)-(£4.01)	3	3	3	(7.99%)-(7%)	1	1	1
(£4.00)-(£3.01)	1	1	1	(6.99%)-(6%)	3	3	3
(£3.00)-(£2.01)	1	1	1	(5.99%)-(5%)	0	0	0
(£2.00)-(£1.76)	0	0	0	(4.99%)-(4%)	1	1	1
(£1.75)-(£1.51)	0	0	0	(3.99%)-(3%)	1	1	1
(£1.50)-(£1.26)	1	1	1	(2.99%)-(2%)	0	0	0
(£1.25)-(£1.01)	4	4	4	(1.99%)-(1%)	7	7	7
(£1.00)-(£0.76)	2	2	2	(0.99%-0.01%)	6	6	6
(£0.75)-(£0.51)	6	6	6	0%	0	0	0
(£0.50)-(£0.26)	0	0	0	0.01%-0.99%	8	8	8
(£0.25)-(£0.11)	0	0	0	1%-1.99%	75	75	75
(£0.10)-(£0.01)	0	0	0	2%-2.99%	97	97	97
£0.00	0	0	0	3%-3.99%	286	286	286
£0.01 - £0.10	0	0	0	4%-4.99%	314	314	314
£0.11 - £0.25	1	1	1	5%-5.99%	1635	781	1621
£0.26 - £0.50	7	7	7	6%-6.99%	529	296	543
£0.51 - £0.75	19	19	19	7%-7.99%	78	540	78
£0.76 - £1.00	13	13	13	8%-8.99%	6	613	6
£1.01 - £1.25	20	20	20	9%-9.99%	0	18	0
£1.26 - £1.50	27	27	27				
£1.51 - £1.75	20	20	20	Total	3047	3047	3047
£1.76 - £2.00	42	42	42	Minimum (%)	(7.28%)	(7.28%)	(7.28%)
£2.01 - £3.00	561	442	508	Average (%)	5.09%	6.00%	5.16%
£3.01 - £4.00	1213	738	1214	Maximum (%)	8.49%	9.48%	8.49%
£4.01 - £5.00	922	514	965				
£5.01 - £6.00	182	935	191				
£6.01 - £7.00	1	250	1				
£7.01 - £8.00	0	0	0				
Total	3047	3047	3047	<b>Actual -v- Formula Rent</b>			
Minimum (£)	(5.08)	(5.08)	(5.08)	Above Formula Rent	0	0	0
Average (£)	3.59	4.21	3.63	At Formula Rent	834	2138	1547
Maximum (£)	6.74	6.74	6.74	Below Formula Rent	2213	909	1500
Average Weekly Rent (£)	74.39	75.01	74.43	Total	3047	3047	3047





**MEDWAY HOUSING - 5 YEAR PLANNED MAINTENANCE DELIVERY PLAN**

		Backlog	Year 1 (current)	Year 1 plus backlog	Year 2	Year 3	Year 4	Year 5	
NB - All Decent Homes has been brought forward by 1 year									
<b>Available Budget</b>				£5,168,000	£3,300,000	£3,300,000	£3,300,000	£3,300,000	£18,368,000
<b>PRIORITY WORKS</b>									
<u>Health and Safety</u>									
H&S	Asbestos	£0	£80,000	£80,000	£80,000	£80,000	£80,000	£80,000	£400,000
H&S	Electrical Tests	£0	£120,000	£120,000	£0	£0	£6,300	£6,300	£132,600
H&S	Legionella risk assessment	£0	£50,000	£50,000	£0	£0	£0	£0	£50,000
H&S	Lift Maintenance/Woodstock/St Marks	£0	£25,000	£25,000	£25,000	£25,000	£0	£0	£75,000
H&S	DDA	£0	£55,000	£55,000	£55,000	£55,000	£55,000	£55,000	£275,000
H&S	Fire alarms smoke detectors	£0	£52,840	£52,840	£52,840	£0	£0	£0	£105,680
H&S	Fire Safety issues related to mobility scooters	£0	£50,000	£50,000	£0	£0	£0	£0	£50,000
<u>Voids</u>									
Voids	Capital contribution towards voids	£0	£100,000	£100,000	£80,000	£60,000	£50,000	£50,000	£340,000
<u>Decent Homes</u>									
DH	Wall tiles	£0	£12,650	£12,650	£23,353	£115,335	£85,745	£64,570	£301,653
DH	Chimneys	£0	£22,440	£22,440	£35,640	£36,960	£81,840	£33,000	£203,880
DH	Roof/overhangs	£0	£62,452	£62,452	£35,100	£214,422	£270,498	£599,704	£1,182,176
DH	External doors	£0	£26,730	£26,730	£4,070	£2,145	£45,760	£30,525	£105,230
DH	Windows	£0	£10,560	£10,560	£4,620	£0	£0	£10,560	£25,740
DH	Electrical supply	£0	£142,000	£142,000	£42,000	£54,000	£84,000	£180,000	£502,000
DH	Heating Boiler	£0	£159,600	£159,600	£119,700	£115,900	£115,900	£161,500	£672,600
<i>Sub Total</i>			£969,272	£969,272	£557,323	£758,762	£875,043	£1,271,159	£4,431,559
<i>Contingency @ 10%</i>			£96,927	£96,927	£55,732	£75,876	£87,504	£127,116	£443,156
<i>Fees @ 1.2%</i>			£116,313	£116,313	£66,879	£91,051	£105,005	£152,539	£531,787
<b>Total Priority Works</b>			£1,182,512	£1,182,512	£679,934	£925,690	£1,067,552	£1,550,814	£5,406,502
<b>Residual Budget (available budget minus priority works)</b>			£3,985,488	£3,985,488	£2,620,066	£2,374,310	£2,232,448	£1,749,186	£12,961,498
<b>PLANNED MAINTENANCE</b>									
PM	Roof/overhangs (Flat pitched and carports)	£17,556	£14,619	£32,175	£21,736	£17,446	£20,669	£28,930	£120,956
PM	Chimney stacks and tiles	£6,160	£21,560	£27,720	£23,870	£25,410	£35,970	£38,940	£151,910
PM	Fascia/soffit/barge board/ridge/downpipe	£88,062	£705,876	£793,938	£261,264	£234,256	£272,780	£331,678	£1,294,916
PM	Primary and secondary wall tiles	£2,046	£1,056	£3,102	£5,390	£2,948	£8,250	£3,465	£23,155
PM	Windows	£70,290	£2,310	£72,600	£51,150	£18,480	£31,350	£24,750	£198,330
PM	Private Balcony	£3,850	£0	£3,850	£4,400	£6,600	£10,450	£6,050	£31,350
PM	Bathrooms and WC	£500,250	£485,100	£985,350	£655,450	£383,200	£249,850	£324,150	£2,608,000
PM	Kitchens	£733,200	£897,000	£1,630,200	£1,045,200	£744,900	£284,700	£265,200	£3,970,200
PM	Doors	£733,200	£137,995	£871,195	£187,605	£81,785	£89,015	£53,735	£1,253,335
PM	Pavement and Hard Standings	£2,584	£28,944	£31,528	£13,805	£7,924	£12,681	£32,623	£98,561
PM	Primary Boundary wall	£93,450	£78,545	£173,995	£54,050	£29,785	£47,035	£62,215	£367,080
PM	External fences and gates	£9,123	£62,940	£72,063	£104,037	£26,107	£41,377	£58,883	£302,467
PM	Garages	£4,290	£57,985	£62,275	£54,340	£62,205	£23,595	£47,825	£250,240
PM	Electrics	£50,400	£714,000	£764,400	£258,800	£62,800	£50,400	£114,800	£1,148,000
PM	Boilers and Heating Distribution	£158,700	£792,300	£951,000	£482,600	£289,000	£310,400	£440,100	£1,873,100
IMP	Improvements	£0.00	£1,080,596.00	£1,080,596	£1,080,596	£1,080,596	£1,080,596	£1,080,596	£5,402,980
EST	Estate Works	£0	£56,186	£56,186	£93,552	£82,792	£110,831	£227,358	£570,719
MR	Contingent to Major Repairs	£0	£83,398	£83,398	£83,398	£83,398	£83,398	£83,398	£416,990
EW	Exceptional External Works	£0	£90,587	£90,587	£420,587	£420,587	£420,587	£420,587	£1,772,935
<i>Sub Total</i>			£5,997,158	£5,997,158	£4,901,830	£3,660,219	£3,153,934	£3,645,283	£21,358,424
<i>Contingency @ 10%</i>			£599,716	£599,716	£490,183	£366,022	£315,393	£364,528	£2,135,842
<i>Fees @ 1.2%</i>			£719,659	£719,659	£588,220	£439,226	£378,472	£437,434	£2,563,011
<b>Total Planned Maintenance</b>			£7,316,533	£7,316,533	£5,980,233	£4,465,467	£3,847,799	£4,447,245	£26,527,277
<b>Budget Shortfall (Planned maintenance minus residual budget)</b>			£3,331,045	£3,331,045	£2,359,167	£1,091,157	£1,615,352	£2,698,059	£13,565,779