Appendix 1 - Local Authority Rent Setting Formula

70% of the average rent for the housing association sector x relative county earnings x bedroom weight

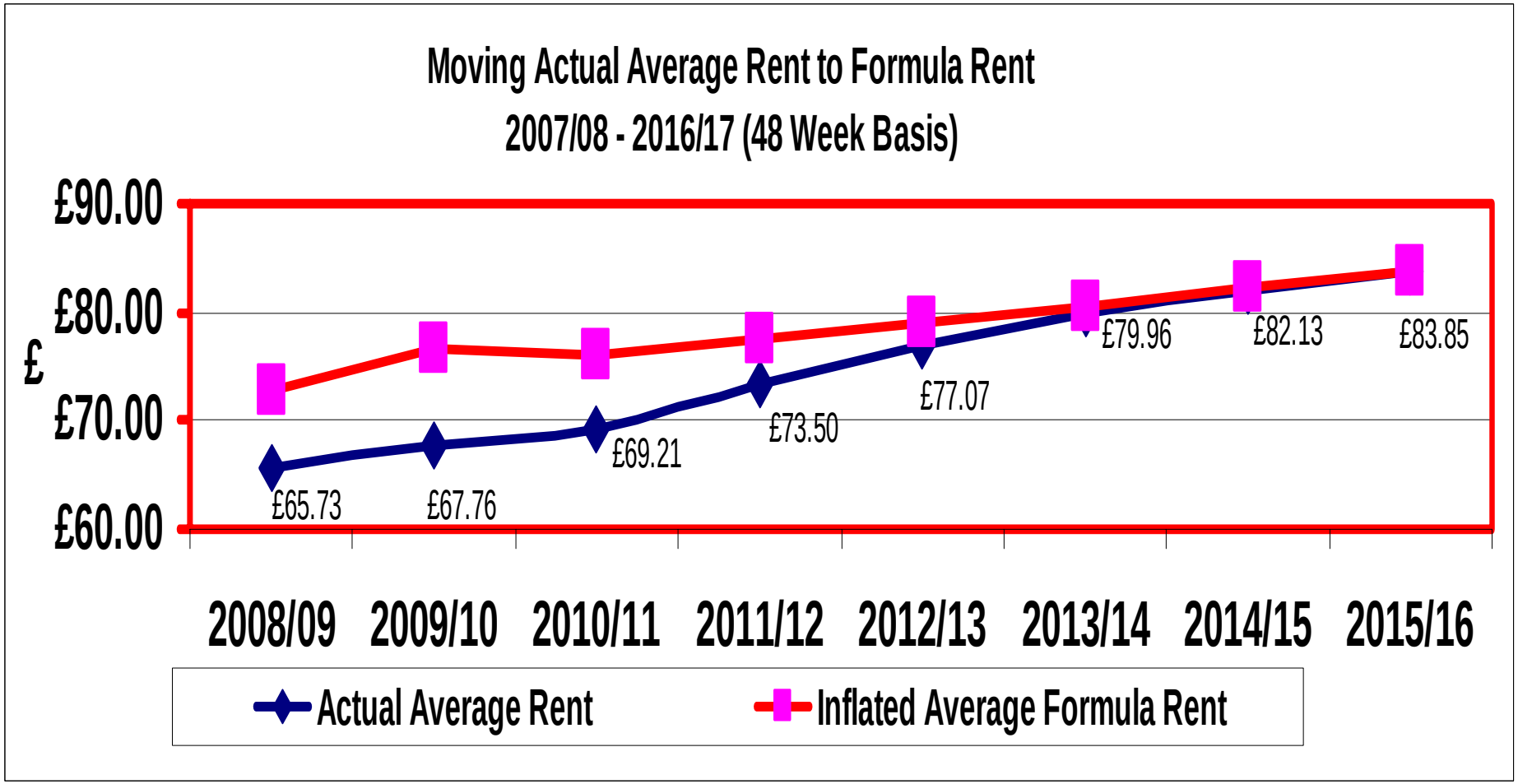
plus

30% of the average rent for the housing association sector x relative property value (as at January 1999)

Appendix 2 - Rents

RENTS (48 week basis)	2009/10 Rent £	2010/11 Proposed Rent £	Increase 2009/10 to 2010/11 %
Average Rent	**£67.76**	**£69.22**	**2.16%**
Maximum Rent	£93.75	£95.08	**1.41%**
Median Rent	£68.24	£69.80	**2.27%**
Minimum Rent	£50.61	£52.32	**3.38%**

Appendix 3 - Rent Convergence of Actual Average Rent to the Average Formula Rent from 2008/09 to 2016/17



Appendix 4 - Unpooling of Service Charges to Tenants

1. Background

1.1 Unpooling service charges to tenants is consistent with Government policy to bring local authority rents more in line with that of Registered Social Landlords.

1.2 As part of rent restructuring, authorities are encouraged to introduce separate (unpooled) charges to tenants.

1.3 Service charges "reflect additional services which may not be provided to every tenant, or which may be connected with communal facilities rather than the particular occupation of a dwelling" (A Guide to Social Rent Reform in the Local Authority Sector. Chapter 4. ODPM. December 2002).

1.4 Service Charges could be levied to tenants in receipt of services such as caretaking and cleaning, grounds maintenance and amenity cleaning and communal lighting, the costs of which are currently funded through rents.

1.5 Unpooling service charges is also appropriate because :

- It is good practice to clearly identify and separate costs;
- Separating service charges is fairer, as only those getting the services will pay for them;
- Most service charges will be subject to housing benefit and therefore tenants on lower incomes will be cushioned.

2. Government Guidance and Legal Framework

2.1 In 2002 the Government changed the way in which rents to tenants were to be charged. Although not compulsory, local authorities were encouraged to follow a rent restructuring policy. Non-compliance results in either loss of subsidy or loss of income to an authority.

2.2 The Government guidance (A Guide to Social Rent Reform in the Local Authority Sector. ODPM. December 2002) includes a chapter on the unpooling of service charges to tenants.

2.3 It defined Service Charges as :

- “reflect[ing] additional services which may not be provided to every tenant, or

- which may be connected with communal facilities rather than the particular occupation of a dwelling”.

2.3 Although silent on the definition of “communal facilities” this may be construed as being within a shared property or be a facility within the boundary of an estate provided for the benefit of residents of an estate (e.g. landings and stairwells, entrance halls, grounds and common rooms in sheltered housing complexes).

2.4 The Guide says that local authorities :

- “should retain discretion to decide what services to charge for separately, and what services should be included within the rent”;

- are expected to “set reasonable and transparent service charges which closely reflect what is being provided to tenants”;

- are encouraged to move towards “identifying service charges separately, based on the actual costs of services to individual properties”;

- are expected to use “their discretion on charging for services to avoid situations in which anomalies are created”. It gives the example of charging for lift maintenance in high rise flats;

- “are encouraged not to increase the total charge to any individual tenant by more than RPI + ½% + £2 per week … in a year in which any service charge is unpooled” (i.e. the tenant should not notice any increase in year one in total rent had service charges not been unpooled);

- should not, after the first year of unpooling, “increase” [service charges] by more than RPI + ½% in any year, unless “increases in costs [are] outside its control”; and

- may though make “an additional charge equal to the cost of the new service” introduced but are expected “to consult appropriately with tenants before introducing new or extended services and associated charges”.

2.5 Leaseholders are governed by the provisions of the Landlord and Tenant Act 1985 and a range of other legislation. There are two key principles :

- That charges can only be made if they are included in the lease, and

- charges, both estimates and actual costs, must be reasonable and reasonably incurred.

3. A Set of Principals when Unpooling Service Charges

3.1 Four key principles flow from Government Guidance. Service charges need to be :

- Customer focused;
- Fair;
- Justifiable;
- Demonstrable.

3.2 Unpooling charges makes a local authority more accountable for the services it provides.

3.3 Government guidance states that charges need to be reasonable and transparent (3.5.2). The reasonableness of a charge is consistent with legislation governing leaseholders.

3.4 Swindon has followed a methodology of levying global service charges on the basis of an average cost to properties throughout the Borough. The average cost method allows services to be equitable in terms of a service being provided to the same standard across the whole Borough resulting in the same charge being levied. However, other methods of levying service charges which will be investigated in the future include service charges calculated on the following basis :

- By ward;
- By estate;
- By block; or
- By property.

3.5 Service charges can be levied only where the Council owns the freehold to the property, so covers :

- owners of purchased council flats;
- tenants in flats and maisonettes; and

- tenants in houses and bungalows.

3.6 All tenants and leaseholders will be subject to a service charge where it applies. However, all charges will remain subject to the challenge of reasonableness from both tenants and leaseholders.

4. Consequence of unpooling service charges on rent restructuring

4.1 Under service charges, the rent payable is reduced, in year one, by the amount unpooled. The total rent payable by a tenant in the first year is exactly the same than would have been paid if services had not been unpooled. This is consistent with guidance. Having then been separated, service charges will increase year on year.

4.2 Once rents have been reduced, year on year increases would need to be greater to ensure convergence.

4.3 Overall, more income is generated to the HRA so that by the rent convergence date, without constraints, tenants will be paying the full formula rent plus the service charge (including year on year inflation).

5. Summary

5.1 Unpooling service charges from tenants rent is appropriate because :

- The Government encourage the identification of charges as part of its Rent Restructuring policy;
- It is good practice to clearly identify and separate costs;
- Separating service charges is fairer, as only those getting the services will pay for them;
- It will generate more income to pay for services in the longer term e.g. repairs and improvements;
- Most service charges will be subject to housing benefit and therefore tenants on low incomes will be cushioned;
- It improves the financial position of the HRA Business Plan.

Appendix 5 - Support Charges (Supporting People)

SUPPORT CHARGES (48 week basis)	Current Charge 2009/10 £	Proposed Charge 2010/11 £	Increase / (Decrease) per Unit
Sheltered Housing Support Charge	10.18	10.18	0.00
Homeline - non-sheltered tenants	3.64	3.64	0.00
Homeline - Private Residents	4.36	4.46	0.10

These increase's will only apply where people are not in receipt of Supporting people benefit

Appendix 6 - Sheltered Housing Charges

SERVICE CHARGES (48 week basis)	Current Charge 2009/10 £	Proposed Charge 2010/11 £	Increase / (Decrease) per Unit £
Service Charge	12.87	12.87	0.00
Heating Charge - Private	8.88	10.34	1.46
Heating Charge - Communal	2.46	2.46	0.00
Water Charge	3.10	3.31	0.21

* Note that the water and private heating charges are not rebatable i.e. not eligible for housing benefit.

Appendix 7 - Sheltered Housing - Guest Flat & Guest Room Charges

CHARGES (per night basis)	Current Charge 2009/10 £	Proposed Charge 2010/11 £	Increase / (Decrease) per Unit £
Guest Flats - charge per night	12.00	14.00	2.00
Guest Rooms - charge per night	10.00	12.00	2.00

Appendix 8 - Supported Housing Charges

SERVICE CHARGES (52 week basis)	Current Charge 2009/10 £	Proposed Charge 2010/11 £	Increase / (Decrease) per Unit £
Service Charge - Resident Warden	33.59	33.59	0.00
14 Moredon Road	29.08	30.40	1.32
Heating Charge - Private	8.35	8.97	0.52
Heating Charge - Communal	2.75	2.75	0.00
Water Charge	5.49	5.49	0.00
Electricity Charge	3.70	4.15	0.45

Appendix 9 - Multi-Storey Blocks, Neighbourhood Wardens and Other Charges

SERVICE CHARGES (48 week basis)	Current Charge 2009/10 £	Proposed Charge 2010/11 £	Increase / (Decrease) per Unit £
Multi-storey Charge	11.82	11.82	0.00
Neighbourhood Warden Charge - Flats	1.58	1.58	0.00
Neighbourhood Warden Charge - General *	1.06	1.06	0.00
Staircase Lighting	0.69	0.69	0.00
William Robins LD clients	29.01	30.11	1.10
William Robins General	8.03	8.92	0.89
Cable TV (Railway Village)	0.54	2.00	1.46
Grass Cutting	1.00	1.02	0.02
Hedge Cutting	1.00	1.02	0.02

* Excludes sheltered housing & supported housing.

Appendix 10 - Leaseholder Charges

SERVICE CHARGES (52 week basis)	Current Charge 2009/10 £	Proposed Charge 2010/11 £	Increase / (Decrease) per Unit £
Multi-storey Charge	11.90	12.90	1.00
Neighbourhood Warden Charge - Flats	1.52	1.92	0.40
Estate Charge	1.34	1.34	0.00
Management Charge	2.96	3.98	1.02
Staircase Lighting	0.72	0.76	0.04

Appendix 11 - Garage and Parking Charges (Tenants)

GARAGE & PARKING CHARGES (48 Week Basis)	Current Charge 2009/10 £	Proposed Charge 2010/11 £	Increase / (Decrease) per Unit £
Garage Rent - HRA Tenant	6.83	6.99	0.16
Parking Space - HRA Tenant	2.31	2.36	0.05
Cross Over (Curtilage Parking) - Existing	1.76	1.80	0.04
Cross Over (Curtilage Parking) - New	3.42	3.50	0.08

Appendix 12 - Garage and Parking Charges (Non-tenants)

GARAGE & PARKING CHARGES (52 Week Basis)	Current Charge 2009/10 £	Proposed Charge 2010/11 £	Increase / (Decrease) per Unit £
Garage Rent - Non-tenant (inc. VAT)	7.25	7.57	0.32
Parking Space - Non-tenant (inc. VAT)	2.47	2.53	0.06

Note this reflects VAT @ 17.5% (this will be kept in line with Government changes in VAT rates)

Appendix 13 - Proposed HRA Budget 2010/11

Item		2009/10 Budget £	2010/11 Proposed Budget £	Variance £
	EXPENDITURE			
1	**S&M General**	**5,999,400**	**6,501,400**	**502,000**
2	**S&M Special**	**4,807,050**	**5,055,563**	**248,513**
3	**Rent Rebates (Transitional Protection & Negative Housing Subsidy in 2004/05)**	**16,575,600**	**15,743,700**	**(831,900)**
4	**Repairs Administration**	**1,330,700**	**1,332,800**	**2,100**
5	**Contribution to Repairs Account**	**7,678,800**	**7,615,400**	**(63,400)**
6	**Rent, Rates & Taxes**	**40,100**	**40,100**	**0**
	Capital Financing			
7	**Capital Charges - interest**			**0**
8	**Capital Charges - depreciation council dwellings**	**4,423,814**	**4,394,819**	**(28,995)**
9	**Capital Charges - other HRA property**	**52,522**	**39,979**	**(12,543)**
	Capital Charges - debt rescheduling premium	**220,000**	**194,500**	**(25,500)**
10	**Debt Management**	**51,500**	**51,500**	**0**
11	**Provision for Bad Debts**	**330,000**	**330,000**	**0**
12	***TOTAL EXPENDITURE***	**41,509,486**	**41,299,761**	**(209,725)**
	INCOME			
13	**Debt Rescheduling premium**	**(220,000)**	**(194,500)**	**25,500**
14	**Housing Defects Subsidy**	**0**	**0**	**0**
15	**MRA**	**(6,824,600)**	**(6,950,700)**	**(126,100)**
16	**Subsidy due to Rent Cap at 5%**	**0**	**0**	**0**
17	**Total Subsidy**	**(7,044,600)**	**(7,145,200)**	**(100,600)**

	Rent income			
18	**Dwellings**	**(35,179,200)**	**(34,817,500)**	**361,700**
19	**Less voids**	**527,700**	**522,300**	**(5,400)**
20	**Garages**	**(974,600)**	**(1,027,700)**	**(53,100)**
21	**Shops / Commercial**	**(142,600)**	**(142,600)**	**0**
22	**Supporting People Charges / Grant**	**(1,359,900)**	**(1,295,200)**	**64,700**
23	**Sheltered Housing Service Charges**	**(915,500)**	**(894,500)**	**21,000**
24	**Homeless Hostel Service Charge**	**(144,900)**	**(158,600)**	**(13,700)**
		(38,189,000)	**(37,813,800)**	**375,200**
25	**Miscellaneous Properties Rent**	**(96,800)**	**(96,800)**	**0**
26	**Service Charges - Flats**	**(190,250)**	**(132,950)**	**57,300**
27	**Sheltered Housing Heating Charges**	**(669,500)**	**(737,600)**	**(68,100)**
28	**Homeline**	**(250,500)**	**(255,600)**	**(5,100)**
29	**Other Service Charges**	**(1,007,300)**	**(1,099,800)**	**(92,500)**
		(2,214,350)	**(2,322,750)**	**(108,400)**
30	***TOTAL INCOME***	**(47,447,950)**	**(47,281,750)**	**166,200**
31	***NET COST OF SERVICES***	**(5,938,464)**	**(5,981,989)**	**(43,525)**

	Appropriations			
37	**Depreciation below Major Repairs Allowance**	**2,348,264**	**2,515,893**	**167,629**
38	**Minimum Revenue Provision**	**0**	**0**	**0**
39	**Direct Revenue Financing**	**2,785,000**	**2,785,000**	**0**
40	**Projected (surplus) / deficit for the year**	**(127,500)**	**(3,396)**	**124,104**
	BALANCES			
41	**HRA balance at 1st April**	**(2,191,800)**	**(2,319,300)**	**(127,500)**
42	**Agreed set aside**	**0**	**0**	**0**
43	**Projected (Surplus) / Deficit for the Year**	**(127,500)**	**(3,396)**	**124,104**
44	**Estimated balance at 31st March**	**(2,319,300)**	**(2,322,696)**	**(3,396)**
	Memorandum - Calculation of Negative Housing Subsidy			
45	**Negative Housing Subsidy**	**16,575,600**	**15,743,700**	**(831,900)**
46	**Debt Rescheduling Premium**	**220,000**	**194,500**	**(25,500)**
47	**Major Repairs Allowance (MRA) including Subsidy**	**(6,824,600)**	**(6,950,700)**	**(126,100)**
48	**Debt Rescheduling Premium Subsidy**	**(220,000)**	**(194,500)**	**25,500**
49	**Total Subsidy**	**9,751,000**	**8,793,000**	**(958,000)**

Appendix 14 - Proposed HRA Repairs Budget and Funding 2009/10

Item		2009/10 Budget £	2010/11 Proposed Budget £	Variance	Variance £
	HRA Capital Schemes				
1	Major Repairs Allowance	6,825	6,951	126	**1.8%**
2	Improvement Programme	3,375	974	(2,401)	**-246.5%**
3	**Total Capital Schemes**	**10,200**	**7,925**	**(2,275)**	**-28.7%**
	HRA Capital Funding				
4	Major Repairs Allowance (Government funded)	6,825	6,951	126	**1.8%**
5	Usable Capital Receipts	590	454	(136)	**-30.0%**
6	Direct Revenue Financing	2,785	520	(2,265)	**-435.6%**
7	Prudential Borrowing	0	0	0	**0**
8	HRA Reserves	0	0	0	**0**
9	**Total HRA Capital Funding**	**10,200**	**7,925**	**(2,275)**	**-28.7%**
9	**Revenue**				
10	**Repairs Budget**	**7,648**	**9,917**	2,269	**22.9%**
11	***Total revenue and Capital Repairs***	**17,848**	**17,842**	**(6)**	**-0.04%**

Appendix 15 - David Murray John (DMJ) Apartments - Rents and Charges

Rent & Charges (52 week basis)	Current Charge 2009/10 £	Proposed Charge 2010/11 £	Increase / (Decrease) per unit
Rent - 1 Bed Core	73.70	75.16	1.46
Rent - 1 Bed Coner	74.94	76.43	1.49
Rent - 2 Bed Core	86.19	87.93	1.74
Rent - 2 Bed Coner	88.69	90.49	1.80
Heating Charge - 1 Bed	10.20	10.43	0.23
Heating Charge - 2 Bed	12.00	12.27	0.27
Service Charge - 1 Bed	23.67	24.21	0.54
Service Charge - 2 Bed	27.85	28.49	0.64

Appendix 16 - Hay Lane Residential Gypsy Site - Rent and Charges

Rent & Charges (52 week basis)	Current Charge 2009/10 £	Proposed Charge 2010/11 £	Increase / (Decrease) per unit
Pitch rent	38.00	39.00	1.00
Workpens 103 - 106	3.00	4.00	1.00
Workpens 100 & 107	5.00	8.00	3.00
Workpens 101 & 109	9.00	10.00	1.00
Workpen 108	11.00	12.00	1.00

Appendix 17 - Homeless Contributions (for new clients post 1st April 2009)

Contributions (52 week basis)	Current Charge 2009/10 £	Proposed Charge 2010/11 £	Increase / (Decrease) per unit
1 Bed	179.08	158.60	(20.48)
2 Bed	179.08	177.34	(1.74)
3 Bed	179.08	205.39	26.31