

Appendix 1 – Overview of HRA Revenue Budget

	2012/13 Budget	2013/14 Proposed Budget
	£	£
<i>Expenditure</i>		
Management (staff, overheads and service charge costs)	11,525,300	11,744,600
Repairs (incl. staff costs)	9,106,900	10,020,800
Rent, Rates and Taxes	40,100	75,000
Debt Management fees and Debt Rescheduling Premium	275,400	148,400
Gross Expenditure	20,947,700	21,988,800
<i>Income</i>		
Rents	(40,398,400)	(42,376,100)
Voids and Bad debt	936,000	1,481,300
Service Charges	(3,410,600)	(3,675,200)
Other Income (garages, commercial property, Homeline)	(3,325,400)	(3,910,600)
Gross Income	(46,198,400)	(48,480,600)
Net Cost of Services	(25,250,700)	(26,491,800)
Net Interest costs (after interest receivable has been deducted)	6,131,100	4,667,500
Projected (surplus) / deficit for the year	(19,119,600)	(21,824,300)
Use of operating Surplus with £5m Loan Repayment		
Contribution to capital expenditure and loan repayment	7,977,300	5,000,000
Dep'n Charges = tfr to Major Repairs Reserve to fund capital	11,142,300	11,142,300
Revenue Surplus used in Capital Programme (RCCO)	0	5,699,900
Use of Operating Surplus	19,119,600	21,842,200
Opening Revenue Balances at 1 April	(6,776,014)	(6,776,014)
Approved for use in year	0	100,000
Closing Revenue Balances at 31 March	(6,776,014)	(6,676,014)

Appendix 2 – Service charges for 2013/14

	Current Charge 2012/13	Proposed Charge 2013/14
	£	£
<u>Flats (Communal entrance)</u>		
Service Charge - Staircase Lighting	0.85	0.85
Multi Storey service charge	14.88	13.96
Neighbourhood Wardens Low & medium rise blocks service charge	1.95	1.95
Neighbourhood Wardens General stock service charge	1.17	1.16
<u>Sheltered Housing</u>		
Sheltered service charge	21.60	22.46
Heating charge - private use	10.06	11.30
Heating charge - communal use	3.37	3.74
Water charge	3.49	3.46
Guest room charge	13.00	13.00
Guest flat charge	15.00	15.00
<u>Other</u>		
Cable TV charge	2.00	1.97
Communal TV aerials	1.03	1.06
Home contents insurance (per £100 of cover)	0.11	0.11
Grass Cutting	1.18	1.22
Hedge	1.18	1.22
Grass Cutting for communal areas around flats & bungalows		
<u>Supporting People Charges</u>		
Sheltered housing support charge	6.19	6.19
Sheltered transitional protection	-1.67	-1.67
Homeline Charge	4.04	4.17
Homeline transitional protection	-0.30	-0.30
Homeline Charge - private tenants	5.46	5.46
Homeline Plus level 1	12.85	12.85
Homeline Plus level 2	14.30	14.30
Homeline Plus level 3	16.22	16.22

	Current Charge 2012/13	Proposed Charge 2013/14
	£	£
<u>Garage / Parking Charges</u>		
Garage rent	7.51	7.51
Account Garage + VAT	8.30	8.30
Parking space	2.54	2.54
Cross over - existing tenants	2.07	2.13
Cross over - new tenants	4.04	4.17
Cross over - new build properties (2 spaces)	8.08	8.33
Account parking space + VAT	2.83	2.83
Premium Garage + VAT	9.60	9.60
Premium parking space + VAT	6.00	6.00
<u>Supported Housing</u>		
Service Charge	37.45	36.25
Heating charge - private use	10.15	9.73
Heating charge - communal use	3.38	3.42
Water charge	6.57	5.42
Electricity	5.40	6.27
<u>Small Housing Schemes</u>		
Service charge - Moredon Road	35.32	34.26
Service charge William Robins Court - LD clients	25.31	26.09
Service charge William Robins Court - General needs	13.70	14.12
Service charge Baileys Farm Gardens - General needs	12.24	13.42
Service charge Baileys Farm Gardens - General needs water	4.51	3.30
Service charge - Marlowe Avenue	22.47	23.17
Service charge - Twyford Close	8.09	8.62
Service charge - Tyndale Gardens	20.85	20.96
Service charge - Evelyn House	25.32	26.10

Appendix 3 - Leaseholder Charges

	Current Annual Charge 2012/13	Proposed Annual Charge 2013/14
	£	£
Ground Rent - Annual Charge	10.00	10.00
Leaseholder management charge -all properties	139.36	143.68
Leaseholder management charge - properties with communal areas	166.89	172.06
Service Charge - Staircase Lighting adjusted to actual charge during annual review	44.20	40.31
Multi Storey service charge	655.20	599.59

Appendix 4 - Detailed HRA Budget 2013/14

Item		2012/13 Budget	2013/14 Proposed Budget
		£	£
	<u>EXPENDITURE</u>		
1	S&M General	6,554,900	6,311,000
2	S&M Special	4,970,400	5,433,600
3	Repairs Administration	1,536,900	1,921,000
4	Contribution to Repairs Account	7,570,000	8,099,800
5	Rent, Rates & Taxes	40,100	75,000
	<u>Capital Financing</u>		
6	Capital Charges - depreciation council dwellings	11,142,300	11,142,300
7	Capital Charges - debt rescheduling premium	225,400	88,400
8	Revenue Contribution to Capital Outlay (RCCO) - Charged	0	5,699,900
9	Debt Management	50,000	60,000
10	Provision for Bad Debts	330,000	833,000
11	TOTAL EXPENDITURE	32,420,000	39,664,000
	<u>INCOME</u>		
	<u>Rent income</u>		
12	Dwellings	(40,398,400)	(42,376,100)
13	Less voids	606,000	648,300
14	Garages	(1,171,400)	(1,056,300)
15	Shops / Commercial	(142,600)	(172,300)
16	Support charges - Sheltered	(434,400)	(434,400)
17	Sheltered Housing Service Charges	(1,740,300)	(1,840,700)
18	Homeless Hostel Service Charge	(390,100)	(416,900)
		(43,671,200)	(45,648,400)
19	Miscellaneous Properties Rent	(149,700)	(928,600)
20	Service Charges - Flats	(65,300)	(78,400)
21	Sheltered Housing Heating Charges	(780,500)	(904,800)
22	Homeline	(687,800)	(717,100)
23	Other Service Charges / Other income	(1,173,900)	(1,036,300)
		(2,857,200)	(3,665,200)
24	TOTAL INCOME	(46,528,400)	(49,313,600)
25	NET COST OF SERVICES	(14,108,400)	(9,649,600)
26	Loan Charges - Interest	6,220,100	4,730,500
27	Interest on balances (interest receivable)	(85,000)	(59,000)
28	Right to buy mortgage interest (interest receivable)	(4,000)	(4,000)
29	NET OPERATING EXPENDITURE	(7,977,300)	(4,982,100)
30	Loan repayments	7,977,300	5,000,000
31	PROJECTED (SURPLUS) / DEFECIT FOR THE YEAR	0	17,900
32	HRA Revenue balance at 1st April	(6,776,014)	(6,776,014)
33	Approved for use in year		100,000
34	ESTIMATED REVENUE BALANCE AT 31st MARCH	(6,776,014)	(6,676,014)

Appendix 5 - Proposed HRA Capital Budget 2013/14

<u>Item</u>		2012/13 Budget	2013/14 Proposed Budget
		£	£
	<u>HRA Capital Schemes</u>		
1	Capital Projects and Planned Maintenance Programme	11,012,000	14,792,200
2	Regeneration and Acquisition Programme	4,300,000	1,000,000
3	Non-Core Works:		1,050,000
4	Total Capital Programme	15,312,000	16,842,200
	<u>HRA Capital Funding</u>		
5	Depreciation - transfer to MRR to fund capital	11,089,778	11,142,300
6	Direct Revenue Financing	0	5,699,900
7	In year resources available	11,089,778	16,842,200
	<u>HRA Capital Reserves</u>		
8	Usable Capital Receipts		
9	Prudential Borrowing		
10	HRA Reserves	9,967,783	5,745,561
		9,967,783	5,745,561
11	Total HRA Capital Funding	21,057,561	22,587,761
12	Surplus (Deficit) in Funding	5,745,561	5,745,561
13	<u>Revenue</u>		
14	Repairs Budget	8,249,800	8,565,000
15	Total Revenue and Capital Repairs	19,261,800	24,407,200

Appendix 6 - Proposed HGF Rents & Service Charges **2013/14**

	Current Charge 2012/13	Proposed Charge 2013/14
	£	£
<u>Hay Lane Caravan Site</u>		
Caravan Site Pitch Rent	45.00	47.00
Caravan Site Workpen Rent	4.00	4.00
	8.00	8.00
	10.00	10.00
	12.00	12.00
<u>Christopher House, Marlowe Avenue</u>		
Service Charge	18.66	18.66
<u>David Murray John Building</u>		
Heating charge - 1 bed property	9.68	11.17
Heating charge - 2 bed property	11.38	13.14
Service charge - 1 bed property	23.70	26.13
Service charge - 2 bed property	27.88	30.74
<u>PSL rents</u>		
1 Bed	148.28	148.28
2 Bed	169.04	169.04
3 Bed	195.00	195.00
4 Bed	235.50	200.00

Appendix 7 - Proposed Cap on Private Sector Leasing Rents

1. Purpose and Reasons

- 1.1. To consider what will be defined as an affordable rent in Private Sector Lease properties provided for households accepted as homeless or placed under our prevention responsibilities, in the light of the introduction of the Benefit Cap from April 2013.
- 1.2. A decision now will enable the homeless team to work with households and prepare them well in advance of the changes.

2. Detail

- 2.1. The Welfare Reform Bill received Royal Assent on 8th March 2012 and represents the biggest change to the welfare system for over 60 years.
- 2.2. The Bill will introduce a Benefit Cap of £350 per week for single households and £500 per week for families from June 2013.
- 2.3. There are currently 269 households placed in PSL Properties, but 8 families currently occupying 4 bed properties have been identified as being adversely affected by the benefit cap.
- 2.4. When the cap is introduced this will initially be fully recovered by reducing Housing Benefit rather than any other benefit payments. These families will have significant weekly reductions in Housing Benefit ranging from £149.53 to £235.50. In 1 case they will lose all current Housing Benefit entitlement and only receive 50p per week in line with the benefit cap regulations.
- 2.5. The current rent for 4 bed properties is £235.50 as per the subsidy regulations used for temporary accommodation, compared to the current average rent for a Council 4 bed property is £92.80.
- 2.6. Four of these households are in Band B and the remaining in Band C under our allocations policy. They have been in these Bands for a limited time and based on length of time on the waiting list and availability of suitably sized properties extremely unlikely to secure social housing in the foreseeable future.
- 2.7. Despite the introduction of the benefit cap there has been no guidance issued from Central Government around the definition of affordable.
- 2.8. In some London Boroughs, they have determined if the households do not get enough housing benefit then they are 'allowed' to spend up to 40% of their benefit income on rent, in effect this means £200 per week for a couple capped at £500 per week.
- 2.9. This is based on a similar formula to that used by mortgage companies. Boris Johnson and his housing advisor have said that in London people can spend up to 40% of their income on housing costs; however this is not the official guidance coming from Central Government.
- 2.10. In reality households on benefits that are being capped and having to pay rent of £150 plus a week are going to find it very difficult to sustain tenancies, irrespective of where they live, as it will be a large proportion of their income.
- 2.11. We have assessed that the benefit cap will impact on a few households in 3 bedroom properties with 4 or more children, although their current rent are £195 per week and less than 40% of the household benefit cap.

3. Alternative Options

- 3.1. Leave the current rent for 4 bed properties at £235.50, which equates to 47% of the benefit cap.
- 3.2. Wait for guidance to be issued around the definition of an affordable rent from Central Government, although it is not certain whether this will be issued.
- 3.3. Use Discretionary Housing Payments, although this is likely to be large amounts due to the reduction in Housing Benefits for the families affected.

4. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 4.1. If rents are capped at no more than 40% of the benefits cap. There will be a reduction in rent income to the General Fund of £35 per week per household.
- 4.2. The estimated financial loss to the General Fund for 2013/14 of £14,560 if all households remain in their current tenancies.