

REPORT FOR: **CABINET**

Date of Meeting:	9 February 2012
Subject:	Housing Revenue Account Budget 2012-13 and Medium Term Financial Strategy 2013-14 to 2014-15
Key Decision:	Yes
Responsible Officer:	Julie Alderson, Interim Corporate Director of Resources Paul Najsarek, Corporate Director Community Health & Wellbeing
Portfolio Holder:	Councillor Bill Stephenson, Leader of the Council and Portfolio Holder for Finance and Business Transformation Councillor Bob Currie, Portfolio Holder for Housing
Exempt:	No
Decision subject to Call-in:	Yes, except for Recommendations to Council
Enclosures:	Appendix 1 – HRA Budget 2012-13 and MTFS 2013-14 to 2014-15 Appendix 2 – Average Rents & Service Charges (Tenants) Appendix 3 – Garage & Parking Space Charges Appendix 4 – Facility Charges Appendix 5 – Water charges Appendix 6 – Community Centre Charges Appendix 7 – Capital Programme

Section 1 – Summary and Recommendations

This report sets out the Housing Revenue Account (“HRA”) Budget for 2012-13 and Medium Term Financial Strategy to 2014-15.

Recommendations:

1) That the Cabinet approves:

Rents & Charges

- a) Increase rents & service charges by 6.72% on average from 1 April 2012 (as detailed in Appendix 2) resulting in an average weekly charge of £104.82 (average rent £102.14 and average service charge £2.68)
- b) To continue to freeze the increase in garage and car parking rents as detailed in Appendix 3 pending the outcome of the current review of garages;
- c) An increase in energy (heating) charges by 4% from 1 April 2012 as detailed in Appendix 4;
- d) Notes the current water charges as set out in Appendix 5 will be increased as and when notified by Veolia Water;
- e) To increase the fees in relation to community centres by 2% as detailed in Appendix 6.

Other

- f) the Medium Term Financial Strategy (“MTFS”) for the HRA as detailed in Appendix 1;
- g) delegated authority to the Corporate Director of Community Health & Wellbeing in consultation with the Portfolio holder for Housing to consult with leaseholders around increasing the administration fee in relation to the 2012-13 charges and implement any resulting decision;
- h) the introduction of a Major Work Loans Policy for leaseholders (paragraph 41 refers) with authority delegated to the Corporate Directors of Community Health & Wellbeing and Resources in consultation with their relevant portfolio holders to finalise the detail of the policy.

2) That Cabinet asks Council to approve

HRA Reform

- a) borrowing additional debt as a consequence of HRA reform for a fixed rate over 50 years with the continuation of a single pooled approach to the management of the debt.
- b) note that TLRCF gave conditional support to a 50 year loan and single pool arrangement providing there was some form of “guarantee” that the Council would deliver the total package of measures to address housing service pressures.

Budget

- c) The HRA budget for 2012-13 (Appendix 1);
- d) The HRA capital programme (as detailed in Appendix 7), and the balance of the £500k s106 monies allocated to extensions for Council homes

approved in March 2008 for the financial years 2008-2010 be extended to 31st March 2013.

Reason: (For recommendation)

To publish the final HRA budget and set Council rents and other charges for 2012-13.

Section 2 – Report

Introductory paragraph

The Council has a statutory obligation to agree and publish the HRA budget for 2012-13. The MTFS for 2013-14 and 2014-15 sets out the indicative income and expenditure for the HRA for this period and shows how the income collected will be spent in the management and maintenance of the Council's stock and in meeting its landlord obligations. The MTFS over the further two year period indicates a sustainable position in the medium term, which will be built on in the longer term by the development of the 30 year HRA business plan.

The HRA budget for 2012-2013 is a budget for one year to enable the service to properly analyse, consult and quantify the financial benefits of HRA reform; the policy and financial implications of benefit reform; other coalition changes which are currently the subject of government consultation exercises with a view to presenting a 30 year HRA business plan that takes all of this into account to Cabinet in May 2012.

The HRA Budget and MTFS detailed in Appendix 1 shows a significantly improved position to that reported in February 2011 the majority of which is attributable to the updated rental strategy and additional resources freed up by the reforms. The benefits associated with HRA reforms are in the region of £2m per annum and provides the opportunity for investment which is detailed in paragraphs 22 to 30 in this report. This is an extremely positive position for the Council to be able to report and for tenants enables further investment in the stock and services to positively respond the challenges faced by the service from the coalition changes.

Whilst early indications from the draft business plan indicate that the self financing proposals will allow greater investment in the stock over the term of the business plan, there are a number of policy changes which are currently being modelled to assess the impact on the HRA in the longer term.

The operational and financial impact of these changes on the HRA will be reported as part of the Housing policy changes to Cabinet in May 2012.

Background

HRA Reform

Tenant, Leaseholders & Residents Feedback

1. In September 2011, the Tenants, Leaseholders and Residents Consultative Forum ("TLRCF") met to consider HRA reform and they made it very clear that the following objectives were important to them:

- to invest more in improving the stock
- to improve the repairs service
- to invest in the service to protect it against the management risks associated with coalition changes
- to maintain safe balances
- to consider repayment of HRA debt
- They also said they would like to see investment in new affordable housing and that they would like to see rents maintained at an acceptable level (specifically they said they wanted to maintain a positive differential with Registered providers)

Technical Considerations

2. Members will be aware that as a consequence of HRA reform the Council needs to take on additional debt. The exact figure is expected to be notified at the end of January 2012, however our current assessment is that this will be in the region of £89m.
3. The Public Works Loans Board ("PWLB") has offered local authorities preferential rates to take on this additional debt. These rates relate to repayment periods of between 10 and 50 years.
4. The preferred option is to continue to pool the GF and HRA debt, enabling continued flexibility for the Council and fund the additional debt with a 50 year loan. This proposal enables the Council to fulfil the range of objectives that the tenants said were important to them (see paragraph 1 above).
5. The details of the treasury management arrangements arising from HRA Reform are provided in more detail within the Treasury Management Strategy report elsewhere on the agenda. (paragraphs 41-45 refer).

Consultation

6. Consultation took place at TLRCF on 30th January 2012 in accordance with legal advice and under s.105 of the Housing Act 1985. The Council is required to maintain arrangements as it considers appropriate to enable secure tenants to be informed and consulted about housing management matters which substantially affect them. However, rent and other charges for facilities are specifically excluded from the definition of housing management, therefore there is no statutory requirement to consult secure tenants on proposed rent changes. Historically the Council have consulted TLRCF annually on the HRA budget and

involved tenants and residents in significant housing decisions and is committed to continuing to do so.

7. TLRCF met on 30th January 2012 to consider proposals around HRA reforms and the HRA budget 2012-13 and MTFS 2013-14 to 2014-15. The feedback in respect of HRA reform was:
 - a. TLRCF gave conditional support to 50 year borrowing and a single pool providing there was some form of guarantee that the Council would deliver the total package of measures (including those in paragraph 31) to address housing service pressures. They also requested that the single pool arrangement be the subject of ongoing monitoring with regular reports to TLRCF. The purpose of the reports will be to identify the ongoing impact of fluctuations in interest rates for the rest of the loans within the pool on the HRA. TLRCF requested a further special meeting to discuss the content of the HRA 30 year business plan in advance of it being submitted to Cabinet in May 2012 and indicated that they want to be involved in the detailed development of the specific proposals to address the housing pressures.
8. These reforms have provided an excellent platform to help address the immediate housing pressures facing tenants and others in housing need in the borough. As part of the development of the thirty year business plan and detailed service plan a communications and engagement plan will be established setting out the way tenants, leaseholders and other residents (where appropriate) will be involved in the detailed development of these proposals. Progress against this will be reported to Cabinet in May 2012.

Budget Assumptions - Income

Dwelling rents

9. The Government policy intends that by the end of 2015-16 similar properties in the same area will have similar rents even if owned by different social landlords. The aim is to deliver fairer rents, and greater transparency and choice for tenants. This is generally referred to as rent convergence, however the introduction of intermediate rents in the comprehensive spending review may alter this position as Registered Social Landlords have increased flexibility to enable new build investment.
10. The rental strategy approved by Cabinet and Council in March 2011, was based on a continuation of Government rent policy which assumes rents will increase annually by no more than RPI + 0.5% real growth + £2. At this time, RPI was assumed at 2.5%.
11. The consequence of maintaining this policy results in an average rent increase of 6.72% in 2012-13, rather than 3.7% as assumed previously. This results in an average rent of £102.14 per week (2011-12 current average £95.69). This will achieve rent convergence for 4,899 (99%) Council dwellings by the target date. TLRCF accepted this increase but

requested that their concerns regarding tenant's ability to pay following benefit reform be highlighted.

12. Void dwellings will be relet at target rents for new tenants. Rents for existing tenants will gradually move towards convergence based on the formula and maximum rent increase.
13. Detailed below are some of the other increases being considered across London for comparison.

Council	Rent Increases
Harrow	6.74%
A	6.95%
B	7%
C	7.15%
D	7.20%
E	7.40%
F	7.96%
G	8.10%

14. To date there have been no sales under the Right to Buy ("RTB") in 2011-12 and a stock level of 4,965 at the start of April 2012 is assumed. Annual RTB sales of 3 are assumed, although this may change and will need to be revisited once the impact of the Government's proposed RTB consultation changes have been implemented and can be clarified with more certainty. This is referenced in the risk section of this report in paragraph 52.

Service & Other Charges

15. Tenant Service charges - Tenants who benefit from specific estate based services pay a charge to the Council on a weekly basis in addition to their weekly rent charge. This service charge will increase by 5.93% on average resulting in an average weekly charge of £2.68 (2011-12 current service charge £2.53), an increase of £0.15 on the current weekly charge.
16. Leaseholders - Currently the costs of the leasehold service (excluding contribution towards estate based costs) total £500k pa. The current charges do not enable these costs to be fully recovered. Cabinet are being asked to delegate authority to officers, in consultation with the relevant portfolio holder to discuss with the Leaseholder Support Group ("LSG") how charges will be reviewed in order that over time these charges will reflect the true cost. The budget assumes additional income of £55k, however if following consultation this is not possible this will be contained within the 2012-13 HRA budget.
17. Leaseholders are also charged for improvements which are made to external parts of the building ie; windows, roofs etc. These costs are dependent on the scheme and the scope of works following consultation in accordance the section 20 process. Cabinet are being asked to

introduce a Major Work Loan Policy for leaseholders (see paragraph 41 below).

18. Garages - the charge for garage rents in 2011-12 was held pending a review of the strategy and investment requirements, however whilst some progress has been made it is not possible at this stage to recommend an increase or differential pricing policy for garages. It had been proposed to increase these charges by 2% however, discussion at TLRCF on 30th January 2012 raised concerns at further increases given the that voids have increased in recent years, which may be attributable to annual uplifts. Income in the region of £350k is currently generated by garages, and a 2% increase would not generate significant levels of additional income. In this respect it was agreed that these charges should continue to be held pending the outcome of the review and strategy. Appendix 3 details the proposed charges for 2012-13.
19. Sheltered Facility Charges - A special TLRCF meeting in September considered the strategy around facility charges to sheltered tenants, and the overwhelming response was that energy costs should be fully recovered from those tenants who received the service. It was reported that the costs were not calculated on a block specific basis, and that costs associated with some blocks were under recovering, whilst others were over recovering. Current difficulties which prevent individual sheltered tenants from controlling their usage results in an inability to fully recover costs. It is hoped over time that through our future investment plans, improvements can be made to heating systems that will enable this flexibility.
20. In the meantime however, it is proposed to increase these charges by 4% for 2012-13 as detailed in Appendix 4 as the annual energy costs are expected to increase in the region of 10%. Even with this increase, costs will not be fully recovered. There is a wider review of the services provided to sheltered housing tenants in progress, and it is expected that this will address the issues in relation to these charges in making proposals around the service for Member decision.
21. Community Centre Charges - Costs in relation to community centres are now being separately captured, with the exception of associated repair costs and are making a surplus in the region of £26k. It is proposed that these charges should be increased by 2% in 2012-13 and Appendix 6 provides the detail in this respect.

Budget Assumptions – Service issues

Repairs, Cyclical & External Decorations

22. The combined impact of the benefits from HRA reform and efficiencies through the current repairs and maintenance contract will enable additional and much needed investment in this service. This means:
 - a. Investment in a new repairs charter – the details of which are subject to finalisation. Additional investment of approximately £350k is anticipated in this respect in 2012-13. This also includes measures that promote the tenants responsibility and the financial consequences of wilful neglect/damage.

- b. Investment in a strengthened client function to enable the new repairs and maintenance service to be properly managed
 - c. approximately 20,000 response repairs (an increase of 2000 jobs) and approximately 300 voids
23. A void turnaround of 15 days is estimated to be achieved by 2015-16 and will be built into the business plan. In 2012-13 voids are expected to be achieved within 25 days compared with 28 in the current financial year.
24. The benefits of the re procurement exercise will extend to External Decorations and cyclical repairs which are estimated at £542k and £425k respectively in 2012-13. Programmes for these works are being developed and will be consulted with TLRCF on 29th February 2012. Section 20 income will be recovered as appropriate in relation to these programmed works.

Front line services to get closer to the customer

25. HRA reform has enabled provision of £250k to be earmarked to enable tenants to be involved in the development of services that will mitigate the potential negative consequences of benefit reform and potentially increased arrears. This resource will also be used to enhance the service's approach to fraud detection to maximise the most appropriate use of council stock.

Resident Engagement

26. The additional resources detailed in paragraph 25 above will also strengthen our support for resident engagement in developing their co-regulation and scrutiny role.

Reducing Pressures on Temporary Accommodation

27. HRA reform has enabled a sum of £1m in total to be earmarked within the next three years to work with tenants and residents to develop a range of housing related initiatives to directly help mitigate against the increased use of temporary accommodation and other housing related general fund pressures for example, Looked After Children, older people and supported accommodation.

28. The additional revenue investment in services is shown separately in Appendix 1 pending further consultation on how these additional resources should be prioritised.

Capital Investment

29. Under HRA reform further capital investment in the stock is planned on an annual basis, and will enable the investment requirements of the stock condition data to be fully delivered over the 30 years of the business plan – this is in the region of £211m at today's prices. Of this amount approximately £8.5m relates to backlog of repairs.
30. The MTFS approved by Cabinet in February 2011 envisaged an annual capital programme of £6.160m. The additional resources freed up under the reforms mean that this programme will increase to £7.497m in 2012-13 (to include adaptations to Council properties) and will increase over the term of the MTFS so that the historic backlog of repairs can be

achieved much sooner than had originally been anticipated. In the medium term further improvements to Council dwellings and estates are expected, and in the longer term consideration can be directed towards the wider strategic housing requirements. Appendix 6 provides details of the proposed capital programme for 2012-13 which includes £1.5m anticipated slippage from 2011-12.

31. New Affordable Housing – The requirement to take on the additional debt as a consequence of HRA reform means that the level of housing debt is likely to be at the cap to be introduced by the Government from 2012-13. This means that the housing service will not be able to borrow new capital to fund much needed affordable housing in the borough. Paragraph 1 above highlights that the tenants felt this was one of their key objectives from HRA reform. In response to this, the Cabinet members are looking at ways (or other creative solutions) that the GF borrowing ability could help the HRA develop a programme of affordable housing. This was discussed with TLRCF and it was agreed that any possible solutions would be shared with them, prior to the inclusion in the May 2012 Cabinet report.

Bad debt provision

32. Current tenant arrears continue to reduce however, whilst a number of payment arrangements have been agreed for former tenant arrears, these remain high and require a significant level of provision. The welfare benefit changes anticipated part way through 2012-13 are likely to have an impact on arrears, although it is difficult to quantify at this stage. The annual increase in the provision is budgeted to remain at £200k over the term of the MTFs, although this will be reviewed and modelled as part of the wider Housing reforms to be reported to Cabinet in May 2012. The additional investment detailed in paragraph 25 above will assist in mitigating potential increases in this respect.

Budget Assumptions - Expenditure

Employee Costs

33. The HRA budgets are based on the staffing establishment, and assume pay inflation of 0% in 2012-13, with increases of 2% annually thereafter. A review of GF and HRA staffing costs has taken place to make sure that the costs are appropriately apportioned.

Central Recharges

34. The Council has reviewed its approach to charging for support services. It has used a variety of methods including headcount, time apportionment, and actual service usage to provide its best assessment of an accurate reflection of costs. This has resulted in the HRA receiving an additional charge of £196k.
35. During 2012-13 it is expected that service charters will be developed which will detail services provided. Residents will be involved in reviewing these services to enable them to understand the costs, which will then subsequently enable them to scrutinise the costs.

Capital Charges

36. Paragraphs 2 to 5 above detail the preferred options around the borrowing and treasury management considerations following HRA reform.
37. The combined rate of interest on the debt outstanding will reduce from the 4.59% originally budgeted for 2012-13 to an estimated 4.238% (the actual rate of interest on combined debt will depend on the rate achieved for additional borrowing for the self financing payment when this is settled at the end of March 2012). This rate of interest will fluctuate over the term of the HRA business plan, but is expected to reduce in the short term as high rated loans are refinanced with lower cost rates.
38. During the first five years of the business plan, there is no capacity to consider the repayment of debt, unless the refinancing of other loans results in lower borrowing costs and increased balances over that currently estimated which will provide further options.
39. The capital charges also include the HRA share of the Council debt redemption premium and discounts over the next five years.
40. Interest on HRA balances, including the Major Repairs Reserve are expected to be earned at a rate of 0.5% for 2012-13 rising to 2% in 2014-15.

Other Considerations

Major Works Loan Policy

41. In order to support leaseholders to repay the costs of capital works to their properties and to increase the recoverability of costs, the service is proposing the introduction of a Major Work Loan Policy for leaseholders. The policy is intended to offer leaseholders a range of payment options to assist with these bills, particularly in this economic climate. These include payment plans spanning several years dependent on the amount of the works as well as the opportunity for the Council to take a legal charge on the property until it is sold.
42. To minimise the financial risk to the Council its Citizen Advice Bureau partner will be commissioned to undertake affordability assessments on all leaseholders prior to agreeing any loan. In addition, to ensure impartiality, leaseholders will be advised to seek independent financial advice.

General Contingency

43. In addition to the HRA balances, an annual amount of £200k is set aside to cover unforeseen expenditure that may arise in the management and maintenance of the housing stock.

Balances

44. HRA Balances are forecast to be £2.4m at the end of March 2012. Subject to tenant consideration of the investment required to deliver the objectives set out in paragraph 2 above, and detailed in Appendix 1, balances at the at the end of March 2013 are expected to be £3.2m.
45. These balances reflect a sensible approach to enable the service to respond to unexpected pressures. It is expected that the levels of balances will increase after year 5 of the business plan. This will enable Members to consider how they would want to use that surplus over and above the minimum requirements, including considerations around debt repayment and further details of this will be provided in the May Cabinet report.

Movements since original 2012-13 Budget

46. Appendix 1 details the 2012-13 HRA budget as approved by Council in February 2011. The key movements can be explained as follows:
- a. Increase in employee costs reflects in the main a movement in presentation of £390k from estate & sheltered services together with increased costs charged to the HRA following the staffing review of £140k;
 - b. Utility costs show a reduction reflecting a more robust calculation of anticipated energy expenditure based on consumption information provided by energy providers;
 - c. Estate and sheltered costs show a reduction reflecting the revised presentation of £390k costs to the employees line together with additional Supporting People grant as this had previously been expected to reduce in 2012-13;
 - d. Central recharges reflects the review of services provided to the HRA;
 - e. Repairs expenditure is broadly consistent – the shift between response and other reflects the anticipated reduced cost following the reprocurement exercise offset by the increase in the client function to effectively monitor the contract;
 - f. Charges for capital reflect the reduction in borrowing costs detailed in paragraph 37 above, together with the estimated cost of the additional borrowing in relation to the self financing payment;
 - g. Depreciation has historically been based on the Major Repairs Allowance calculation as part of HRA subsidy. This has been uplifted as part of the settlement and will fund the capital programme;
 - h. Additional rent income of approximately £800k will be generated by the uplifting of the inflationary element of the formula;
 - i. A shift in the income (revenue to capital) in relation to leaseholders of £200k;
 - j. A reduction in other income reflecting the Fraud grant which formed part of the Preventing Homelessness grant.

Financial Implications

47. Financial matters are integral to this report

Performance Implications

48. Detailed performance measures for the HRA will be built into the Service Improvement Plans for 2012-13 and progress will be monitored by Improvement Boards and reported on a quarterly basis.
49. Co-regulation provides residents with the ability to scrutinise performance. Quarterly performance challenge panels currently take place with Harrow Federation of Tenants and Resident Associations (HFTRA). During 2012-13 these processes will be strengthened to increase the accountability of the service to residents.

Risk Management Implications

50. The 2012-13 budget and indicative MTFs are considered robust.
51. Healthy HRA balances are expected in future years, however, it is possible that these could drop below the minimum level within the first five years of the business plan dependent upon the impact of the new Right to Buy proposals which are not yet certain (see below).
52. There are key risks around the 30 year business plan which are currently being modelled. These risks are around the potential number of RTB sales that may result following the legislative proposals currently being consulted on and the risk around interest rate fluctuations over the term of the business plan. Early modelling of the business plan shows that if annual RTB sales are at 100 per annum, this would mean that in year 16 of the 30 year business plan (2025-26) HRA balances would fall below minimum levels. However, in practice the Council will be aware of an increase in sales which could then be mitigated by reprofiling investment in the stock.
53. The report around the wider housing policy changes and the draft HRA business plan to be reported to Cabinet in May 2012, will attempt to quantify the potential impact on the HRA following modelling of these sensitivities.

Equalities Implications

54. When making this decision Cabinet should have due regard to the public sector equality duty. Section 149 of the Equality Act 2010 states:
A public authority must, in the exercise of its functions, have due regard to the need to:
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

The relevant protected characteristics are:

*Age
Disability
Gender reassignment
Pregnancy and maternity
Race,
Religion or belief
Sex
Sexual orientation
Marriage and Civil partnership*

55. The impact of fully recovering energy costs would have particularly impacted on those tenants in sheltered accommodation which would have disproportionately affected older people and those with disabilities. A mitigating measure has been to cap the increase to 4% pending a wider review of this area.

56. The investment proposals set out in this report, give an opportunity for the Council to invest in areas that will directly support the Council's equality objectives. EQIA's will be completed on all the individual proposals prior to submission of the report to Cabinet in May.

Environmental Impact

57. There are no direct environmental impacts set out in this report.

Corporate Priorities

58. This report demonstrates how tenants and other residents have been engaged to shape those issues that are really important to their homes and communities.

Section 3 - Statutory Officer Clearance

Name: Julie Alderson.	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 1 February 2012		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 1 February 2012		

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap



Divisional Director
Partnership, Development
and Performance

Date: 1 February 2012

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards



Divisional Director
(Environmental Services)

Date: 2 February 2012

Section 6 - Contact Details and Background Papers

Contact:

Donna Edwards, Finance Business Partner Adults & Housing
Telephone : 020-8424-1140

Background Papers:

- Report to Cabinet in December 2011 on the HRA Reform and HRA Budget Setting

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

*[Call-in does not apply to any
Recommendations that fall in
within the remit of Council]*

HRA Budget 2012-13 and MTFS 2013-14 to 2014-15- Expenditure

	Budget 2012-13 (Feb 2011) £	Budget 2012-13 (latest) £	Budget 2013-14 (proposed) £	Budget 2014-15 (proposed) £
Operating Expenditure:				
Employee Costs	1,466,670	2,094,741	2,014,747	2,013,620
Supplies & Services	639,260	707,360	711,460	713,347
Utility cost (Water & Gas)	679,000	551,007	594,438	641,980
Estate & Sheltered Services	2,774,510	2,207,096	2,345,300	2,513,044
Central Recharges	3,088,770	3,345,714	3,412,628	3,480,880
Operating Expenditure	8,648,210	8,905,918	9,078,573	9,362,871
Repairs Expenditure:				
Repairs - Voids	636,410	689,250	730,000	700,000
Repairs - Responsive	2,744,430	2,436,612	2,578,289	2,747,751
Repairs – Other	2,091,140	2,365,521	2,341,412	2,367,105
Total Repairs Expenditure	5,471,980	5,491,383	5,649,701	5,814,856
Other Expenditure:				
Contingency - General	200,000	200,000	200,000	200,000
Investment in Services	0	900,000	1,400,000	1,300,000
Bad or Doubtful Debts	200,000	200,000	200,000	200,000
RCCO	0	0	440,372	1,979,800
Charges for Capital	2,770,420	6,420,024	6,397,124	6,349,444
Depreciation	4,148,000	5,991,190	6,111,000	6,233,200
HRA Subsidy	6,988,350	0	0	0
Total Other Expenditure	14,306,770	13,711,214	14,748,496	16,262,444
Total Expenditure	28,426,960	28,108,515	29,476,770	31,440,171

Appendix 1 (cont'd)

HRA Budget 2012-13 and MTFs 2013-14 to 2014-15 - Income

	Budget 2012-13 (Feb 2011) £	Budget 2012-13 (latest) £	Budget 2013- 14 (proposed) £	Budget 2014- 15 (proposed) £
Income				
Rent Income – Dwellings	-25,397,420	-26,205,980	-27,151,130	-28,129,310
Rent Income – Non Dwellings	-761,970	-684,491	-686,101	-687,706
Service Charges - Tenants	-665,540	-686,121	-703,203	-720,709
Service Charges – Leaseholders	-760,410	-548,550	-556,868	-565,589
Facility Charges (Water & Gas)	-517,320	-515,960	-526,279	-536,805
Interest	-6,120	-4,000	-4,000	-4,000
Other Income	-183,010	-83,000	-83,000	-83,000
Transfer from General Fund	-163,000	-163,000	-163,000	-163,000
Total Income	-28,454,790	-28,891,102	-29,873,581	-30,890,119
In Year Deficit / (Surplus)	-27,830	-782,587	-396,811	550,052
BALANCE brought forward	-2,681,730	-2,422,353	-3,204,940	-3,601,751
BALANCE carried forward	-2,709,560	-3,204,940	-3,601,751	-3,051,699

The 2012-13 HRA budget originally proposed as part of the MTFs reported to Cabinet in February 2011 is shown to identify the key movements to the assumptions previously made and key variations are detailed in paragraph x above.

The 2012-13 HRA budget reflects updated assumptions as detailed in the main body of the report. The MTFs for 2013-14 to 2014-15 details the likely position for future years and will be updated in subsequent budget rounds.

Appendix 2

Average Rent & Service Charges

	Number of Dwellings	2011-12	2012-13			Increase / (decrease)
		Total Weekly Charge	Rent	Service Charge	Total	£
0 Bedsit bungalow	21	£88.23	£91.55	£2.38	£93.93	£5.70
1 Bed bungalow	115	£97.55	£101.82	£2.04	£103.86	£6.32
2 Bed bungalow	25	£112.36	£116.03	£3.18	£119.21	£6.85
0 Bedsit flat	84	£76.37	£77.77	£3.63	£81.41	£5.04
1 bed flat	1224	£84.67	£87.15	£3.19	£90.34	£5.67
2 bed flat	825	£95.59	£98.69	£3.66	£102.35	£6.77
3 bed flat	45	£104.09	£107.83	£4.28	£112.11	£8.02
2 bed Maisonette	53	£95.02	£98.36	£3.35	£101.71	£6.69
3 bed Maisonette	49	£104.45	£108.62	£3.87	£112.49	£8.04
2 bed Parlour House	35	£106.24	£112.12	£1.15	£113.27	£7.03
3 bed Parlour House	545	£117.94	£124.19	£1.55	£125.55	£7.81
4 bed Parlour House	57	£127.78	£134.18	£2.17	£136.35	£8.58
2 bed Non Parlour House	523	£103.80	£108.80	£1.82	£110.62	£6.82
3 bed Non Parlour House	746	£113.07	£118.90	£1.96	£120.85	£7.79
4 bed Non Parlour House	31	£126.21	£131.86	£2.70	£134.56	£8.35
0 bed Sheltered bedsit	55	£78.99	£81.07	£2.40	£83.48	£4.49
1 bed Sheltered flat	490	£83.97	£86.17	£2.87	£89.04	£5.07

The 2011-12 average rents detailed in the above table may not agree to those reported in the Feb 2011 Cabinet report as the rents associated with properties becoming void during 2011-12 will have had their rents moved directly to target rents under government rent restructuring guidelines and to also achieve rent convergence with social housing landlord rents.

Garages & parking space charges**Appendix 3**

	Current Weekly Rental 2011/12	Proposed Weekly Rental 2012/13
	£	£
Garages	14.05	14.05
Car Spaces	9.16	9.16

Facility Charges

Appendix 4

Sheltered Block		Current average facility charge (Heating)	Proposed average facility charge (Heating) increase charge by 4%
	No. of Properties	2011-2012	2012-2013
Alma Court	30	10.56	10.98
Belmont Lodge	30	10.53	10.95
Boothman House	30	10.53	10.95
Cornell House	30	10.57	10.99
Durrant Court	27	10.53	10.95
Edwin Ware Court	30	8.85	9.20
Goddard Court	30	10.55	10.97
Grahame White House	30	10.55	10.97
Grange Court	30	8.82	9.17
Harkett Court	30	10.54	10.96
Harrow Weald Park 0 Bed	12	7.14	7.43
Harrow Weald Park 1 Bed	19	9.64	10.03
John Lamb Court	32	11.08	11.52
Meadfield	30	10.57	10.99
Sinclair House	27	10.55	10.97
Tapley Court	26	10.52	10.94
Thomas Hewlett House	30	10.58	11.00
Watkins House	43	11.08	11.52
William Allen House	29	9.58	9.96
Resident Warden Accommodation	11	15.11	15.71
Other Non-Sheltered	95	9.86	10.25

Water Charges

Appendix 5

<u>Sheltered Block</u>	<u>No.of flats</u>	<u>Current Range Water Charge 2011-2012</u>	<u>Proposed Range Water Charge at 2% increase for 2012-2013</u>	<u>Amount of increase</u>	<u>Average Charge per Block 2012-2013</u>	<u>Average Increase Per Block</u>	<u>% Increase</u>
		£	£	£	£	£	
Alma Court	30	4.08	4.16	0.08	4.16	0.08	2.00%
Belmont Lodge	30	4.19	4.27	0.08	4.27	0.08	2.00%
Boothman House	30	4.32	4.41	0.09	4.41	0.09	2.04%
Cornell House	30	4.26 - 4.45	4.35 - 4.54	0.09	4.44	0.09	2.03%
Durrant Court	27	4.08 - 4.51	4.16 - 4.60	0.08 - 0.09	4.38	0.09	2.05%
Edwin Ware Court	30	3.63 - 4.51	3.70 - 4.60	0.07 - 0.09	4.15	0.08	1.93%
Goddard Court	30	4.19	4.27	0.08	4.27	0.08	1.87%
Grahame White House	30	4.32	4.41	0.09	4.41	0.09	2.04%
Grange Court	30	3.44 - 4.32	3.51 - 4.41	0.07 - 0.09	3.96	0.08	2.02%
Harkett Court	30	4.32	4.41	0.09	4.41	0.09	2.04%
Harrow Weald Park	31	3.44 - 4.63	3.51 - 4.72	0.07 - 0.09	4.21	0.08	1.90%
John Lamb Court	32	4.32	4.41	0.09	4.41	0.09	2.04%
Meadfield	30	4.26 - 4.45	4.35 - 4.54	0.17 - 0.18	4.44	0.09	2.03%
Sinclair House	27	4.08	4.16	0.08	4.16	0.08	1.92%
Tapley Court	26	4.08 - 4.32	4.16 - 4.41	0.08 - 0.09	4.30	0.08	1.86%
Thomas Hewlett House	30	4.26	4.35	0.09	4.35	0.09	2.07%
Watkins House	43	3.63	3.70	0.07	3.70	0.07	1.89%
William Allen House	29	3.44 - 4.32	3.51 - 4.41	0.07 - 0.09	3.96	0.08	2.02%
Total No.of Sheltered Flats	545						
Resident Warden Accommodation	11	5.96	6.08	0.12	6.08	0.12	2.00%
Total Sheltered Flats including Warden	556						
Other Non-Sheltered	95	4.26	4.35	0.09	4.35	0.09	2.00%

Annual water charges are based on notified amounts from Veolia Water. Annual increases from April 2012 have not yet been notified however, historically average increases have been just under 2%. Charges will be levied once notified.

Community Centres

Appendix 6

	Current 2011-2012			Proposed 2012- 2013		
	Charges per first 3 hours block booking then subsequent hourly rate			Charges per hour letting with 2% price increase		
Hall and Capacity						
	Evening Rate	Daytime Rate	Weekend Rate	Evening Rate	Daytime Rate	Weekend Rate
Augustine Road [max 30]	20	10	30	20.4	10.2	30.6
Each Extra Hour	20	10	30	20.4	10.2	30.6
Marsh Road Hall [max 30]	20	10	30	20.4	10.2	30.6
Each Extra Hour	20	10	30	20.4	10.2	30.6
Brookside Hall [max 30]	20	10	30	20.4	10.2	30.6
Each Extra Hour	20	10	30	20.4	10.2	30.6
Woodlands Hall [max 60]	30	15	40	30.6	15.3	40.8
Each Extra Hour	30	15	40	30.6	15.3	40.8
Churchill Place Hall [max 100]	40	18	50	40.8	18.36	51
Each Extra Hour	40	18	50	40.8	18.36	51
Kenmore Park Hall [max 100]	40	18	50	40.8	18.36	51
Each Extra Hour	40	18	50	40.8	18.36	51
Pinner Hill Hall [max 100]	40	18	50	40.8	18.36	51
Each Extra Hour	40	18	50	40.8	18.36	51
Northolt Road Hall [max 100]	40	18	50	40.8	18.36	51
Each Extra Hour	40	18	50	40.8	18.36	51

Terms & Conditions associated with Hall lets:

- Lets to Tenants and Residents Associations are free, weekdays Monday to Thursday, however the Insurance Premium for the free lets will be paid by HFTRA. In the event that a paid let is required during these times, TRA's will be given 2 weeks notice to make alternative arrangements. Bookings outside of this agreement is chargeable at the appropriate rate. Charges shown are exclusive of VAT at 20% and Insurance Premium at 7%
- Day time rates are from 9.00am to 3.30pm
- Commercial lets will be charged at above hourly rates plus 20%.
- Registered Charities will receive a discount of 50% (9.00am to 3.30pm only).
- Block Bookings of 6 months minimum will receive a 25% discount.
- A refundable deposit of £100 against loss or damage will be required by all other users.

Of the 13 community centres, there are a number of premises that are fully let and supported by lease agreements and therefore charges not levied in accordance with the above schedule. These are:

- Methuen Road community centre is fully let to Flash Musicals Youth Theatre group on a lease agreement of £25,000 rent per annum.
- Stone Gardens hall is fully let as a nursery on a lease agreement of £10,000 rent per annum.

- Northolt Road hall is partly let as a nursery on a lease agreement of £5,200 rent per annum.

- Churchill Place hall is partly let as a nursery on a lease agreement of £10,000 rent per annum.

HRA Capital Programme

Appendix 7

	2012-13 No. of properties	2011-12 £	2012-13 £	2013-14 £	2014-15 £
Capitalised salaries	-	310,000	310,000	317,750	326,000
Contingency	-	50,000	-	-	-
Major voids	30	50,000	75,000	76,870	78,800
Kitchens including rewiring	200 300	625,000 500,000	800,000 700,000	820,000 717,500	842,000 736,000
Bathroom including rewiring	1,000 100	625,000 500,000	500,000 250,000	512,500 256,250	525,000 263,000
Health & Safety programme	300 40	900,000 480,000	2,352,350 400,000	2,411,160 512,500	2,672,000 525,320
Gas heating programme	120 200	300,000 700,000	300,000 50,000	307,500 51,250	315,220 52,550
Enveloping programme	70	500,000	200,000	205,000	210,130
Door entry upgrade/renewal	5 7	25,000 -	25,000 50,000	25,630 51,250	26,300 52,530
Lifts	5	250,000	350,000	256,250	262,660
Digital TV aerials	120	250,000	275,000	281,880	288,920
Electric night storage heating	60 120	100,000 30,000	125,000 60,000	128,100 61,500	131,330 63,040
Water tank replacement	100	600,000	600,000	615,000	630,400
Sheltered warden voids	-	-	75,000	76,870	78,800
Structural issues / drainage	- 300	- -	- 1,500,000	256,240 -	262,000 -
Boiler replacement programme	-	(635,000)	-	-	-
Partial heating upgrade					
Garages					
Aids & Adaptations					
Capitalisation – response repairs					
Develop wider Housing initiatives					
Carried Forward					
Less : overprogramming					
Council Funded expenditure	3,175	6,160,000	8,997,350	7,941,000	8,342,000
Grant funded Extensions	3	200,000	200,000	-	-
Total HRA Capital Programme	3,175	6,360,000	9,197,350	7,941,000	8,342,000