

EXECUTIVE - 12th FEBRUARY 2003

Report of Housing Manager (Property Services) and Financial Services Unit Manager

(This matter is the responsibility of Councillor P Stone)

**HOUSING REVENUE ACCOUNT - REVENUE ESTIMATES AND RENT LEVELS
2003/2004**

1. **Executive Summary**

1.1 This report reflects the views of the Housing Review Panel on the 23rd January 2003.

2. **Housing Review Panel - 23rd January 2003**

2.1 The January Housing Review Panel recommended that the proposal set out in paragraph 4.10 of the report at Appendix A be amended.

2.2 The annual grant awarded to the Neighbourhood Care Home and Garden Scheme is to be increased from £3,500 to £10,000 and not £8,500 as recommended in the Officers' report.

3. **Recommendation**

3.1 That the Executive recommends the revised Housing Revenue Account budget proposal to Full Council for their consideration.

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**TAUNTON DEANE BOROUGH COUNCIL
REVIEW PANEL - 23 JANUARY 2003**

**Report of Housing Manager (Property Services) and Financial Services Unit Manager
(This matter is the responsibility of Councillor P Stone)**

**HOUSING REVENUE ACCOUNT - REVENUE ESTIMATES AND RENT LEVELS
2003/2004**

Executive Summary

This report sets out the proposed Housing Revenue Account (HRA) for the 2003/2004 financial year. It also includes details relating to the new rent level, arrangements for calculating service charges and information on the Piper Trading Account.

1. **Purpose of Report**

1.2 To agree the detailed estimates and rent levels for 2003/2004 for submission to the Council.

2. **Introduction**

2.1 Attached to this report is the suggested budget for 2003/2004 which includes the introduction of service charges.

2.2 This is the second year of Rent Restructuring. Rents have been calculated using the formula and guidance set out in the Department of Transport, Local Government and the Regions' (DTLR) publication "Guide to Social Rent Reforms".

3. **Housing Revenue Account 2003/2004**

3.1 For 2003/2004 it is recommended to include a Revenue Contribution to Capital Outlay (RCCO) of £213,620.

3.2 Repayment of Housing Revenue Debt has been included in the budget at 2%, the minimum permissible under the regulations.

3.3 Any contribution to capital not fully utilised at 31st March 2002 will be carried forward in a reserve account and interest will be accrued at the appropriate loans pool rate.

3.4 The estimated balance to be carried forward at 31 March 2003 is £940,930 which is £140,930 higher than the expected working balance of £800,000. The HRA has received £24,000 as a result of determining the CSL contract. The balance of £117,000 was identified when carrying out the quarterly budget monitoring exercise in October 2002 and reported to the Executive on 20 November 2002.

3.5 The government has reduced the rate of return on housing operational assets from 6% to 3.5%.

3.6 The working balance on the Housing Revenue Account has been increased to £960,000. This is roughly equivalent to £150 per dwelling which is the minimum figure recommended by the District Auditor.

3.7 ‘Supporting People’

As a result of introducing Supporting People on 1 April 2003 the expected estimated windfall to the HRA in 2003/04 is £700,000. However, Government guidance recommends that a proportion of this is used to protect existing tenants who otherwise would be eligible to pay an additional service charge. The final figure for this has yet to be calculated but it is expected that this will be a large proportion of the windfall. It is recommended that any remaining amount is retained in the account as a reserve. Proposed Supporting People service charges are set out below.

3.8 Service Charges

3.8.1 On 23 October the Executive approved the introduction of service charges from April 2003. Members will be aware that Rent Restructuring was implemented by the Council from April 2002, and the introduction of service charges is another facet of the government’s attempt to make rents more comparable between social housing tenures and more open to scrutiny. A Working Group will be set up in April, involving Councillors from the Housing Revenue Panel and members of the Tenants’ Forum, to examine individual service charges to ensure that they represent value for money.

Proposed Service Charges from April 2003:

Supporting People service charges

1. Specialised (Extra Care) Sheltered Housing	£27.39
2. Sheltered Housing	£9.55
3. Hardwired Sheltered Housing	£5.56
Communal areas service charge	£0.40
Grounds maintenance	£0.49

All tenants will pay the grounds maintenance service charge and tenants of flats where cleaning and lighting is provided will pay the communal area service charge. It is estimated these two service charges will raise an additional £195,500 in a full year. These new charges are eligible for rebate under Housing Benefit regulations.

3.9 Rent Levels for 2003/04

3.9.1 Rents will be calculated in accordance with the formula under rent restructuring which was implemented in April 2002. The average weekly rent increase will be £1.78 or 3.89%.

3.9.2 The Government has placed a ceiling on rent increases which also includes any newly introduced service charges. This limit is a rise of 2.2% plus £2 per week. It is estimated that 150 dwellings will fall within this restriction and the loss of rental income will be £930 in a full year.

3.10 Projected Rent Increase

3.10.1 Members may know that since 1996 the Council has restricted the annual rent increases to guideline limits as laid down by the then DTLR. Details are set out below:-

	<u>Average Rent Increase</u>	
1999-00	£1.34	3.44%
2000-01	£2.01	4.98%
2001-02	£1.58	3.73%
2002-03	£1.76	4.01%
2003-04	£1.78	3.89%

3.10.2 As a consequence of Rent Restructuring, restraints have again had to be applied to Housing Revenue Account expenditure. The recommended budget for 2003/04 has therefore been prepared therefore taking into consideration the likely resources available.

4. Expenditure Changes

4.1 Housing Capital Programme

As part of ensuring our tenants are involved as much as possible in determining the investment strategy for the housing stock, recently questionnaires were handed out at tenant and residents group meetings and via Community Services Reception. This asked for views regarding the priority for future investment and also which areas of the service could be reduced should savings be necessary. The main priorities for investment identified were:-

- (a) Tackling anti-social behaviour
- (b) Replace external timber doors with composite doors.
- (c) Kitchen and bathroom refurbishments.
- (d) Replace single glazed windows with double glazed.
- (d) Aids and adaptations to properties occupied by disabled persons

Other subjects that featured significantly on the returns are:
Estate car parking and support for tenant involvement.

The main areas of the service where tenants suggested reductions could be made were:-

- (a) Insist on payment from tenants prior to work being carried out, where they are responsible.
- (b) No longer replacing WC seats
- (c) No longer repairing blocked sinks, basins and toilets.
- (d) Tenants to be responsible for internal decorations after repairs.
- (e) Reducing work carried out to prepare properties prior to new tenancies commencing.

The views expressed through the survey influenced the recommendations of officers in these proposed Capital and Revenue programme.

4.2 Tenants Forum Support Worker Office Space

During the last year the Housing meeting room has been made available to the Tenants Forum for use as a resource room. A computer has been provided, allowing access to the internet etc. However, due to the complications of the room being in the Deane House and being used for other purposes this has not been a success. It is now proposed that £10,000 of funding is allocated both to provide an office base outside of the Deane House for the new Tenants Forum Support Worker, but also so that it can be used as a resource for the Tenants Forum to support the valuable work that they do.

4.3 Best Value

It is proposed that the sum available during the last year in this budget is carried forward, but also that an additional £30,000 is allocated specifically to fund Housing IT improvements. IT improvements have been identified as a re-current theme in Best Value work carried out so far. The funding will principally be used to employ an additional IT officer who will be focussed on improving the Housing systems. It is felt that this will provide many efficiency savings. A project plan is being drawn up to manage the process.

4.4 Relets and General Maintenance

As part of the adjustments to balance the accounts, the budget for 2003/2004 relating to relets has been reduced. The intention is to review the level of internal decorations on some relets, particularly where there is a high demand for properties.

4.5 Transfer Removal Grant

This is administered by Allocations Officers and paid to tenants who are under-occupying properties, to encourage them to move. The scheme has proved successful over the years, but the amount of support offered has been limited to a lump sum payment of up to £1,500. It is proposed that an additional £15,000 (currently £15,000) is allocated to this budget for next year and that a review is carried out identifying how a greater range of options can be given in terms of the support provided. This may involve more direct assistance in the arrangements for the move etc. The additional funding will help to counter the impact of the proposals not to provide funding for the Cash Incentive Scheme or extensions during the next year.

4.6 Head of Housing (Council Stock)

It is proposed that a new permanent Head of Housing (Council Stock) is created as from the start of the new financial year. The budget for this will be £50,000 including on-costs. This will be 100% HRA funded. A detailed commentary on the reasons for this post is contained in the Chief Executive's report "Capacity to Improve". The post will report to the Director of Community Services and will manage the existing Property Services Unit, the Housing Operations Unit and the Building Services arm of the Deane DLO. The 'Capacity to Improve' report will be considered by Executive Members in February.

4.7 Sheltered Housing Manager

Reference is made in the HACAS Chapman Hendy Appendix to the Best Value report, about the proposal to employ an additional person to support the work of the Elderly Services Manager, Pat Potter. The funding required is £30,000 including on-costs the person will become responsible for managing the Council's 25 Sheltered Housing Schemes.

4.8 Sheltered Housing IT Access Improvements

It is proposed that in addition to the £30,000 identified for IT improvements in 4.3, a further £30,000 is allocated as a one-off sum to be used to provide computers for Sheltered Housing Scheme Managers, where they do not already have them and also to provide a connection for the computers to the systems at the Deane House and the Control Centre at Kilkenny Court. This will be a significant improvement in the support available to Scheme Managers who are dispersed throughout the district.

4.9 Estates Improvement Budget (Special Estates Projects)

Last year the total sum available for this was reduced to £23,000 and the £4,000 saving transferred to the Tenants Forum budget to assist their work. It is apparent that there continues to be a high demand for estate improvements such as better fencing, lighting and other security measures, often as a result of prolonged anti-social behaviour problems. It is therefore recommended that this budget be increased by £7,000 to £30,000.

4.10 Support for Neighbourhood Care Home and Garden Scheme

For a number of years Housing Services has provided funding to this organisation to assist them in carrying out decorating and gardening for elderly or disabled Council tenants. During the last year £3,500 was made available for this purpose. Due to the success of the scheme, reflected in increased capacity to carry out work, the funding available has become insufficient. It is felt that the service provided by Neighbourhood Care is very valuable to Estates Managers, in assisting and supporting vulnerable tenants. For this reason it is proposed the annual budget is increased to £8,500 for the next financial year.

4.11 Grant to Mediation Somerset

The annual sum currently provided to Mediation Somerset to fund casework relating to anti-social behaviour, where a Council tenancy is involved is £5,000. The results of the tenants consultation exercise made reference to earlier in the report identified greater resources to tackle anti-social behaviour as being the most important priority. In addition to further funding being provided for the Estates Improvement Budget it is proposed that an extra £2,500 be made available to fund mediation casework.

4.12 Property Services Unit Restructure

A review is currently taking place of the arrangements for administering the Right to Buy process, which involves close working between a number of services within the Council. Linked to this has been a need to provide more resources to provide staff cover for dealing with repairs requests, reception and right to buy applications. It is proposed an additional £20,000 is made available to cover the extra costs associated with changes to the staff structure that may arise. Specific proposals will emerge through the Best Value Review work.

5. Piper Trading Account

5.1 The Piper Trading Account is maintained separately from the Housing Revenue Account as a stand-alone enterprise.

5.2 It is proposed that, for the second year running, there should be no increase in charges for individual customers of Deane Helpline. This will ensure that Deane Helpline continues to be excellent value for money in the service it provides.

- 5.3 The estimated surplus at 31 March 2003 is £96,620. The following investment items will be funded from the stand alone Piper Trading Account, and therefore have no implications for the HRA.

1. Modernising equipment on 2 Sheltered Schemes.	£30,000
2. Disaster Recovery - enabling remote operation from an alternative site should the Control Centre be out of action.	£12,000
3. Conversion and extending the Control Centre accommodation.	£15,000

6. **Hire Charges for Sheltered Scheme Meeting Halls**

- 6.1 It is proposed that there should be no increase in the charges for the hire of Sheltered Scheme Meeting Halls.

The charges are currently as follows:

i) First hour	£7.00
ii) Each half-hour thereafter	£2.50
iii) "Whole Day" charge	£35.00
iv) Charge for residents on scheme and community organisations (max charge up to 8 hours)	£10.00

7. **Hire Charges for Sheltered Scheme Guest Rooms**

- 7.1 Fifteen schemes benefit from the provision of guest rooms which are used by residents' visitors.
- 7.2 Prices were not increased last year but it is now felt that an increase is justified to cover the cleaning, laundry and energy costs the Council incurs:

<u>Current Charges 2002/03</u>	<u>Proposed Charges 2003/04</u>
First night £6.00	First night £8.00
Each night thereafter £3.00	Each night thereafter £5.00

8. **Central Heating - Broomfield House**

- 8.1 Nineteen flats in the Sheltered Housing Scheme at Broomfield House are served by a single heating boiler. As the current charges are recovering the costs incurred by the Council, no increase is therefore proposed.

9. **Garages**

- 9.1 A comprehensive review of garage use and charges has been undertaken by the Housing Allocations Manager and the recommendations below are based on that review.
- 9.2 The proposed increases have been arrived at by an analysis of demand, void rate, and a comparison of charges with five other authorities and a private company.

9.3 It is proposed that there should be an increase of 10p per week for both Council tenants and private tenants.

9.4 The proposal would therefore give the following garage charges for 2003/4:-

Council Tenants	£3.40p per week
Private Tenants and Owner Occupiers	£3.90p per week

10. **Recommendation**

10.1 The Review Panel is asked to consider the Housing Revenue Account budget proposals, and to inform the Executive and full Council of any amendments the Panel wish to suggest.

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**HOUSING REVENUE ACCOUNT
RESOURCE ACCOUNTING**

Actual Expenditure 2001/02 £	Description	Original Estimate 2002/03 £	Original Estimate 2003/04 £
	Income		
15,014,449	Dwelling rents	15,572,000	15,563,990
271,504	Non dwelling rents	377,140	380,340
244,596	Charges for services/facilities	272,440	487,920
201,736	Contributions towards expenditure	229,800	213,570
4,644,280	Government Subsidy	4,303,180	3,586,630
243,613	Government subsidy-Housing Defects Act	243,610	243,610
20,620,178		20,998,170	20,476,060
	Expenditure		
2,873,160	Management	2,996,590	3,256,150
4,115,432	Maintenance	4,229,200	4,549,520
7,442,305	Rent Rebates	7,758,400	7,455,550
16,571	Increase in provision for bad debts	32,400	40,000
12,692,847	Capital charges-interest	14,252,670	10,189,020
3,226,670	Capital charges-depreciation	3,276,210	3,316,870
22,247	Debt management expenses	20,670	20,770
30,389,232	Total Expenditure	32,566,140	28,827,880
9,769,054	Net cost of services	11,567,970	8,351,820
-12,692,847	Capital charges-interest	-14,252,670	-10,189,020
1,791,567	Loan charges-interest	1,578,460	1,273,350
-55,784	Interest receivable	-74,300	-84,570
-1,188,010	Net operating expenditure	-1,180,540	-648,420
	Appropriations		
564,043	Housing set aside/MRP	498,770	415,730
328,000	Revenue contributions to capital	370,530	213,620
-295,967	(Surplus)/deficit	-311,240	-19,070

FUND BALANCE

357,723	Balance b/f 1 April 2002	488,760	677,690
-295,967	Net Expenditure in 2001/02	0	0
0	Net Expenditure in 2002/03	-311,240	-263,240
0	Net Expenditure in 2003/04	0	-19,070
653,690	Balance c/f 31 March	800,000	960,000

HOUSING REVENUE ACCOUNT

REPAIRS & MAINTENANCE

Actual Expenditure 2001/02 £	Description	Original Estimate 2002/03 £	Original Estimate 2003/04 £
	Expenditure		
	Day to Day Maintenance		
360,394	Reconditions on re-letting	367,500	340,000
393,894	General Maintenance to re-lets	413,700	442,660
1,545,987	General Maintenance and electrical	1,474,200	1,577,390
	Programmed Maintenance		
	Planned Maintenance/External Painting		
642,123	Up to 2001/02	26,310	0
0	Work in 2002/03	780,000	20,500
0	Work in 2003/04	0	750,000
	Specialist Maintenance		
629,731	Gas servicing and repairs	630,000	674,100
15,709	Roofing repairs	23,100	24,720
25,877	Window/door repairs	44,250	47,350
49,187	Fencing	52,500	56,180
74,968	Contingency Sum	80,000	80,000
39,879	Emergency call-out	38,430	43,750
334,758	Internal Recharges	294,210	487,870
2,925	Private Consultants	5,000	5,000
4,115,432	Gross Expenditure	4,229,200	4,549,520
	Income		
46,135	Fees & Charges-Sold flats	32,000	43,000
46,167	Fees & Charges-Other	23,000	30,000
92,302	Total Income	55,000	73,000
4,023,130	Net Expenditure	4,174,200	4,476,520

HOUSING REVENUE ACCOUNT

SUPERVISION & MANAGEMENT-GENERAL

Actual Expenditure 2001/02 £	Description	Original Estimate 2002/03 £	Original Estimate 2003/04 £
	Expenditure		
17,661	Rent deliveries/Giro charge	23,870	33,200
10,508	Audit Fee/Bank Charges	10,340	10,690
13,096	Rents and Rates	15,820	15,470
34,273	Hostel Running Expenses	40,210	39,620
98,376	Contribution to Insurance Fund/Insurances	103,300	114,710
18,552	Printing,stationery,advertising,general expenses	19,600	20,600
2,595	Training expenses	8,500	8,500
7,750	Removal expenses/Transfer Grants	15,000	30,000
7,517	Tenants Forum/Associations	9,000	22,000
0	HIP Presentation	1,500	1,500
1,495,171	Internal Recharges	1,531,830	1,594,400
9,117	Best Value	35,000	65,000
3,075	Mediation Contribution re Council Tenants	5,000	7,500
0	Management Contingency Budget	47,500	47,500
0	Tenants Independent Adviser	20,000	0
	Non recurring items		
18,412	Tenant Participation Compacts	0	0
52,866	Resource Accounting	0	0
6,931	Reorganisation of filing system	0	0
1,795,900	Gross Expenditure	1,886,470	2,010,690
	Income		
31,576	Fees & Charges	24,770	25,020
13,336	Hostels Service Charge	15,000	18,200
44,912	Total Income	39,770	43,220
1,750,988	Net Expenditure	1,846,700	1,967,470

HOUSING REVENUE ACCOUNT

SUPERVISION & MANAGEMENT-SPECIAL

Actual Expenditure 2001/02 £	Description	Original Estimate 2002/03 £	Original Estimate 2003/04 £
	Expenditure		
37,832	Estate Lighting	34,410	31,420
27,808	Estate Roads Maintenance	15,000	15,000
239,096	Maintenance of Grass/Trees etc.	257,900	270,160
63,573	Sewage Disposal	70,700	70,700
26,480	Other Ancillary Services	26,680	31,990
5,247	Maintenance of Lift at Kilkenny	5,000	6,000
165	Homelessness	1,000	1,000
266	Sewerage Guarantee Agreement	400	270
25,110	Special Estate Projects	23,000	30,000
3,953	Cleaning Communal Areas	4,000	4,060
7,496	Risk Management Inspections	7,980	8,370
6,076	Anti Social Behaviour Initiatives	5,000	5,000
460,702	Sheltered Schemes/Community Centres	490,530	570,770
84,014	Staff cost at Kilkenny/Lodge Close	87,330	85,920
69,242	Internal Recharges	81,190	84,800
	Non recurring items		
20,200	Replacement of lift controller at Kilkenny	0	0
0	Connect sheltered schemes for E-Government	0	30,000
1,077,260	Gross Expenditure	1,110,120	1,245,460
	Income		
26,010	Kilkenny/Lodge Close-Contribution from SCC	22,850	23,650
46,366	Kilkenny/Lodge Close-Service Charges	42,900	42,270
14,648	Fees & Charges-Wardens Schemes	21,270	19,560
15,057	Fees & Charges-Other	15,750	15,300
102,081	Total Income	102,770	100,780
975,179	Net Expenditure	1,007,350	1,144,680

PIPER TRADING ACCOUNT

Actual Expenditure 2001/02 £	Description	Original Estimate 2002/03 £	Original Estimate 2003/04 £
	Expenditure		
124,215	Control Centre Operator's Wages	120,210	152,140
114,913	Employee Related Expenses	121,530	127,670
41,116	Maintenance	40,000	43,000
456	Energy	530	500
645	Printing & Stationery	1,770	1,800
2,971	Miscellaneous	3,200	3,500
10,733	Telephone	12,360	11,840
3,407	Publicity	6,000	6,000
3,069	Rent and Energy-26 Kilkenny Court	3,130	3,180
57,497	Purchase of Additional Lifelines/Equipment	45,000	45,000
28,745	Internal Recharges	46,480	48,520
299	Uniforms for Control Centre staff	600	600
447	Training	3,200	3,000
0	Eye Tests	30	200
0	Contingency Fund	6,000	10,000
	<u>Non Recurring Expenditure</u>		
18,785	Upgrade PNC Controller/Piper Equipment	84,000	30,000
0	PNC 4 Disaster Recovery Equipment	0	12,000
0	Alterations to Control Centre	0	15,000
407,298	Total Expenditure	494,040	513,950
	Income		
269,801	Charge to Subscribers-public sector	275,400	268,600
171,044	Charge to subscribers-private sector	174,480	184,850
11,730	Miscellaneous Income	10,000	40,000
6,040	Transfer from GF-Interest on Working Balance	2,520	2,400
9,000	Contribution from GF-Deane Helpline Reassurance Scheme	0	0
467,615	Total Income	462,400	495,850
-60,317	Net Expenditure	31,640	18,100
61,339	Balance b/f 1 April 2002	128,260	121,650
-60,317	Net Expenditure 2001/02	0	0
0	Net Expenditure 2002/03	31,640	31,640
0	Net Expenditure 2003/04	0	18,100
121,656	Balance c/f 31 March	96,620	71,910

