

BABERGH DISTRICT COUNCIL

FROM: Director of Finance

REPORT NUMBER H174

**TO: OVERVIEW AND SCRUTINY
(STEWARDSHIP) COMMITTEE AND
OVERVIEW AND SCRUTINY
(COMMUNITY SERVICES)
COMMITTEE**

**DATE OF MEETING 27 January 2009
3 February 2009**

BUDGET SCRUTINY

1. PURPOSE OF REPORT

- 1.1 The Committees are invited to scrutinise the draft budget reports/proposals that were considered by the Strategy Committee on the 15 January 2009 - Papers H162 and H167 refer.
- 1.2 A further, more detailed report on the Council Housing Budget is attached for consideration by the Overview and Scrutiny (Community Services) Committee only.
- 1.3 The Overview and Scrutiny (Stewardship) Committee is asked to scrutinise Paper H162 on the 2009/10 Budget and Financial Strategy. The Overview and Scrutiny (Community Services) Committee is also asked to scrutinise Paper H162, as well as Papers H167 and the additional, more detailed report attached relating to the Council Housing Revenue Budget and Capital Programme.

2. RECOMMENDATIONS

- 2.1 The Committees are recommended to scrutinise the draft budgets and advise the Strategy Committee, which meets again on 12 February, whether any amendments should be made before approval by the Council on 24 February.

Strategy Committee will have regard to the views of the Overview and Scrutiny Committees in making final recommendations to Council.

3. FINANCIAL IMPLICATIONS

- 3.1 These budgets determine how much will be paid by Council Taxpayers and Council House tenants for services provided for them in 2009/10. The proposed Council Tax increase of 2.9% is based on the draft budget proposals in Paper H162, which would again achieve the Council's aim on limiting increases to no more than inflation.
- 3.2 On Council Housing, the rent increase is determined by the Government's rent restructuring requirements. Although officers are currently examining the proposals for 2009/10, it is likely that the average rent increase will be 6.7% next year. Increases in energy costs are impacting on the charges that residents in Sheltered Schemes will pay next year.

4. **RISK MANAGEMENT**

- 4.1 Details are set out in section 4 of the papers that were considered by the Strategy Committee on the 15 January.

5. **KEY INFORMATION**

Background

- 5.1 There is a requirement in the Constitution for the Overview and Scrutiny Committees to scrutinise the draft budgets proposed by the Strategy Committee and ensure that they reflect the Council's priorities and approved policies.
- 5.2 The draft General Fund Budget reflects the considerable amount of work that has been carried out by the Strategic and Financial Planning (SFP) Group and reflects the views of the joint meeting of the two Overview and Scrutiny Committees on the 9 December 2008.
- 5.3 The Committees should note, however, that the SFP Task Group is meeting on the 20 January to consider the General Fund Budget (Paper H156) further. In addition to the issues identified in Paper H156, this will include their views on further reductions in investment income following the latest cut in Base Rates and interest rates forecast for next year. The outcomes of their deliberations will be reported to the meetings.
- 5.4 Similarly, the views of the Housing Panel, which is meeting on the 30 January 2009, will be reported to the Overview & Scrutiny (Community Services) Committee who are responsible for scrutinising the Council Housing Budget.

General Fund Budget (Paper H162)

- 5.5 The Strategy Committee were happy with the draft budget proposals and the proposed Council Tax increase for 2009/10 of 2.9% as recommended by the SFP Group and which is lower than the indication given to the joint meeting of the Overview and Scrutiny Committees on the 9 December 2008 of an increase of 'no more than 3.5%'.
- 5.6 The following key aspects of Paper H162 are highlighted to assist Members in scrutinising and commenting on the draft budget:
- The overall summary and comments in sections 5.5 and 5.6
 - Detailed Revenue Budgets – Appendix E
 - Charges for services - sections 5.8 and 5.9 and Appendix F
 - Reserves – sections 5.13 to 5.15
 - Capital Programme – sections 5.17 to 5.20 and Appendix G
- 5.9 The Committees are asked to scrutinise these and advise the Strategy Committee, which meets again on 12 February, of any views and whether any amendments should be made before approval by the Council on 24 February.

Council Housing (Paper H167 and additional paper attached)

- 5.10 The Overview and Scrutiny (Community Services) Committee is asked to scrutinise and comment on any aspects of the draft revenue budgets, charges and the capital programme.
- 5.11 The Government's Housing Subsidy arrangements determine the rent increases and fix other key elements of the Council Housing Budget for 2009/10. Key aspects of these are set out in the additional paper attached.

5. APPENDICES

A – Council Housing Budget (Community Services Committee only).

6. BACKGROUND PAPERS REFERRED TO

None.

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BABERGH DISTRICT COUNCIL

FROM: Director of Finance

REPORT NUMBER: Appendix A
to Paper H174

TO: OVERVIEW AND SCRUTINY
(COMMUNITY SERVICES)
COMMITTEE

DATE OF MEETING: 3 February 2009

COUNCIL HOUSING – REVENUE BUDGET AND CAPITAL PROGRAMME

1. PURPOSE OF REPORT

- 1.1 The draft Revenue Budget for 2009/10 and 3-year Capital Programme for Council Housing is presented for consideration.
- 1.2 Rent increases next year will be 6.7% on average based on the Government's rent restructuring arrangements. This would, depending on future proposals in this respect, result in rents being brought into line with the Registered Social Landlord sector by 2024 (previously 2017).

2. RECOMMENDATIONS

2.1 That, subject to:

- (a) A further review by officers of the estimated HRA subsidy payable to the Government for both this and next year, and
- (b) The views of the Housing Panel

the draft Council Housing Revenue Account Budget, proposed charges for services for 2009/10 and 3-year Capital Programme as set out in Appendix A and B, be recommended to Strategy Committee.

The views of the Housing Panel, which is meeting on the 30 January, will be reported to the meeting.

3. FINANCIAL IMPLICATIONS

- 3.1 The revised revenue budget for 2008/09 reflects changes in income and expenditure that have arisen since the original budget was approved. Although the deficit for the year has increased from around £50,000 to £265,000, this is largely as a result of budget carry-forwards from last year. This has no impact, therefore, on previously anticipated reserve levels.
- 3.2 For the 2009/10 revenue budget, the Government's Housing Subsidy allowances for Management and Maintenance are increasing by around 5%. This is helpful in terms of supporting next year's budget and an overall estimated surplus of around £160,000 is currently indicated.

- 3.3 The above forecasts are subject to a further review by officers of the HRA subsidy payable to the Government. Depending on the outcome of this, some or all of the forecast surplus in 2009/10 would be available to increase spending on repairs and maintenance or the capital programme.
- 3.4 In terms of rent levels for next year, tenants will have to pay an average increase of 6.7%, which is similar to the current year. This is due to the Government's rent restructuring arrangements and will result in an average rent increase of around £4.50 a week (on a 52-week basis) although approximately 70% of tenants receive Housing Benefit. The Government has decided to fix rent guidelines for two years and a similar increase will also apply in 2010/11.
- 3.5 Energy costs have, as Members are aware, increased dramatically in the last year. Unfortunately, therefore, there has to be a significant increase in the charges made to residents in sheltered accommodation and homeless units. It is being proposed that the lowest possible increase in charges is applied from April 2010, however, by spreading recovery of the increased costs over a 3-year period.
- 3.6 In terms of the capital programme, there is a very substantial programme for 2008/09 of £3.9m, with a further £3.4m programmed for 2009/10. This, however, is likely to reduce to around £2.8m in subsequent years as the Government borrowing allocation of £0.55m is expected to cease after next year.

4. **RISK MANAGEMENT**

- 4.1 This report is most closely associated with Significant Business Risk No.7 – Financial, Performance and Risk Management. Key risks are set out in the table below:

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
Actual income and expenditure does not match budget expectations	Low	Marginal	The proposed revenue budget and capital programme have been revised to reflect current and future plans and the potential finances available. Budgets are regularly monitored by officers and Members on a quarterly basis.

<p>Future Govt. subsidy determinations in relation to management, maintenance and major repairs could be poorer than expected, affecting future spending plans beyond 2009/10.</p>	<p>Significant</p>	<p>Marginal</p>	<p>Consideration can be given to non-supported borrowing to maintain spending plans.</p>
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5. **KEY INFORMATION**

5.1 The overall Council Housing budget, rent levels and the capital programme is influenced by the following key aspects: -

- Annual rent increases that have to be applied under the Government's rent restructuring arrangements whereby Council house rents are to increase above inflation over a number of years to bring them into line with Housing Association rents
- Babergh's guideline rent for 2009/10 is based on the September RPI of 5%, which results in an average rent increase of 6.7% being required for next year.
- This would, depending on future proposals in this respect, result in rents being brought into line with the Registered Social Landlord sector by 2024 (previously 2017).
- The Government's Housing Subsidy determinations, which include allowances towards management and maintenance costs and major repairs.
- Government borrowing and subsidy allowances/allocations
- Changes in other areas of expenditure and income

5.2 The draft revenue budget for 2009/10 as well as the revised budget for the current year is summarised on page 1 of Appendix A attached. Further details of budgets for each service area and the capital programme are shown in the accompanying pages

5.3 Proposed charges for 2009/10 relating to energy and service charges for residents in sheltered accommodation and homeless units are explained separately in Appendix B.

5.4 The Housing Panel will be considering the above and the key issues referred to in this report on the 30 January. Their views will be reported to the Committee.

2008/09 Revised Budget

- 5.5 The draft revised budget incorporates the following changes since the original budgets were approved last year:
- Budgets that were carried forward from last year totalling around £200,000
 - Increased energy and other costs in sheltered schemes
 - Lower Supporting People grant in relation to the closure of Stour House, which are offset by lower costs
- 5.6 As a result of the above, estimated reserves as at the 31 March 2008 are expected to be around £0.9m, which is more than adequate and well above the minimum level of £0.5m approved for the HRA.

2009/10 Budget

- 5.7 The main factors that are affecting the budget for 2009/10 are explained below:
- An increase of around 5% in the Government's maintenance and management cost allowances
 - An additional provision of £100,000 for the internal decoration of elderly tenants properties under the Babergh standard and/or for the possibility of a stock condition survey update
 - An increase in the bad debts provision for non-payment of rent, linked to the economic downturn.
- 5.8 As indicated earlier in the report, average rents will increase by 6.7% next year as a result of the Government's Rent Restructuring policy in order to ensure that rents are harmonised with the Registered Social Landlord (RSL) over a period of time.
- 5.9 Members are asked to support that a strongly worded response on the Government's policy and approach to rent increases for next year and 2010/11 is sent in terms of the unacceptable scale of the increases in the current economic downturn.
- 5.10 In relation to the overall budget for next year, a surplus is currently being projected of around £160,000. However, this is subject to a further review by officers of the Housing Subsidy payable to the Government for this and next year. Any surplus will be available to either increase repairs and maintenance or capital spending. The outcome of this review will be reflected in the final budget proposals that are reported to Strategy Committee on the 12 February.

Charges

5.11 Details and explanations of the position on these, particularly in relation to increased energy costs are set out in Appendix B.

Capital Programme

5.12 Details of this are contained in Appendix A. From this it can be seen that planned spending for the current year is £3.9m and next year is £3.4m. This is likely to fall, however, to around £2.8m in subsequent years as the Government's borrowing allocation is likely to cease once funding for the decent homes standard is withdrawn.

5.13 As indicated earlier in the report, it may be possible to increase capital spending by up to £160,000 as a result of a surplus that is currently being projected on the revenue budget for 2009/10.

5.14 The attached draft capital programme reflects:

- Work to complete the Decent Homes Standard by April 2010 and funding for the Babergh Standard
- Energy poverty and efficiency measures in relation to central heating and insulation
- The need for further increases to meet demand for disabled adaptations.

5.15 However, there will be very limited, if any, opportunities to fund major regeneration and redevelopment schemes. The approach of transferring ownership of properties to Housing Associations (as has been the case with Stour House, Clibbon House and Poplar Road, Great Cornard) will be adopted where this is necessary - as they have access to funding that Babergh does not.

5.16 In relation to financing the programme, the revenue costs of supported borrowing are met by Government subsidy. Non-supported borrowing could be undertaken from 2010/11 onwards in order to increase the programme but that could be difficult to sustain in the long-term. This will be assessed further as part of next year's SFP and budget round.

5.17 The Government has decided to bring forward resources relating to major repair allowances of £175m from 2010/11 to 2009/10 as part of their measures to stimulate the economy. Guidance is to be issued on how bids for this are to be made, with any amounts involved being deducted from the 2010/11 allowance.

6. **APPENDICES**

A – Draft Housing Revenue Account Budget 2009/10 and Revised Budget for 2008/09, including draft Capital Programme.

B – Proposed charges 2009/10

7. **BACKGROUND PAPERS**

Government Housing Subsidy Determinations

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Council Housing - Capital Programme
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	Cost to 31/3/07	-----Planned Expenditure-----					Total Cost of Schemes
		2007/08	2008/09	2009/10	2010/11	2011/12	
	£	£	£	£	£	£	£
COUNCIL HOUSING SCHEMES							
Planned Maintenance Programmes							
1 Rewiring		66,506	328,200	200,000	200,000	200,500	995,206
2 Roofing		25,278	28,110	168,910	124,910	162,700	509,908
3 Doors and Windows		291,107	260,660	215,660	228,680	220,000	1,216,107
4 Central Heating		373,768	698,470	498,070	481,250	581,250	2,632,808
5 Kitchens/bathrooms		568,730	1,002,180	695,180	390,000	471,000	3,127,090
6 Garage doors		11,568	9,850	45,150	45,150	62,900	174,618
7 Fences/Gates		60,572	98,860	109,360	89,000	89,600	447,392
8 Paths/Walls		24,201	12,630	76,310	76,130	85,900	275,171
9 Common Areas			32,680	41,840	41,840	41,860	158,220
10 Disabled Adaptations		299,320	342,300	325,920	294,220	323,720	1,585,480
11 Electrical Works		45	9,100	10,000	10,000	10,000	39,145
12 Internal Plumbing			8,100	10,000	10,000	10,000	38,100
13 Dampness and Condensation		25,254	24,800	20,000	20,000	20,000	110,054
14 Decent Homes - Improvements		127,644	111,300	40,000			278,944
15 Contingent Major Repairs				128,320	157,000	181,000 }	466,320
						- 130,100 }	130,100
16 Total Planned Maintenance		<u>1,873,993</u>	<u>2,967,240</u>	<u>2,584,720</u>	<u>2,168,180</u>	<u>2,330,330</u>	<u>11,924,463</u>

Council Housing - Capital Programme

COUNCIL HOUSING SCHEMES Other Programmes	Cost to 31/3/07 £	-----Planned Expenditure-----					Total Cost of £
		2007/08 £	2008/09 £	2009/10 £	2010/11 £	2011/12 £	
17 Stour House	2,200	120					2,320
18 Conversions/Adaptations		84,359	5,080	35,580	35,580	35,570	196,169
19 Sheltered Units - General Imps.		103,115	127,440	104,920	28,440		363,915
20 Smoke Alarms (Babergh Standard)		70,430	57,600	60,000	60,000	59,350	307,380
21 Insulation Improvements (Babergh Standard)			126,000	158,000	100,000	150,000	534,000
22 Street parking improvements		43,461	64,980	38,680	28,800	22,000	197,921
23 Anglia Estate Imps. and Drainage Gt. Cornard	361,800	2,439					364,239
24 Major Refurbishments		70,992	180,000	60,000	60,000	60,000	430,992
25 Parking areas/Estate impms./Estate maintenance		66,119	80,730	71,430	45,000	42,380	305,659
26 Structural Works		89,114	72,170	180,670	254,000	154,400	750,354
27 Sewage Treatment works		4,502	2,000				6,502
28 Software/Surveys		20,094	88,000	41,000			149,094
29 Additional ICT Projects		35,599	70,400				105,999
30 Regeneration Schemes		3,380	17,300	20,000	20,000	10,970	71,650
Sandringham Court	1,868,660	(1,138)	1,100				1,868,622
Asbestos		1,854					1,854
31 TOTAL COUNCIL HOUSING SCHEMES	2,232,660	2,468,433	3,860,040	3,355,000	2,800,000	2,865,000	17,581,133

Total Investment Programme - Proposed Financing

PROPOSED FINANCING	2007/08 £	2008/09 £	2009/10 £	2010/11 £	2011/12 £
32 Borrowing - non-supported					
33 Borrowing - supported	550,000	550,000	550,000	-	-
34 Revenue	403,000	475,000	475,000	475,000	475,000
35 Capital Receipts					
36 Grants/External Contributions		27,000	50,000	25,000	25,000
Other		112,000	40,000		
37 TOTAL CAPITAL EXPENDITURE	953,000	1,164,000	1,115,000	500,000	500,000
38 Major Repairs Allowance	1,515,433	2,696,040	2,240,000	2,300,000	2,365,000
39 TOTAL INVESTMENT	2,468,433	3,860,040	3,355,000	2,800,000	2,865,000

COUNCIL HOUSING REVENUE BUDGET SUMMARY

Line	2007/08	2008/09		2009/10
	Actual £	Original £	Revised £	Budget £
Income:				
1	(11,557,077)	(12,182,870)	(12,194,180)	(12,988,980)
2	(215,353)	(206,810)	(223,410)	(233,660)
3	(787,011)	(828,540)	(711,180)	(724,580)
4	(144,598)	(153,050)	(144,500)	(187,500)
5	80	(100)	(100)	(100)
6	(4,529)	(3,850)	(3,850)	(3,850)
7	(133,572)	(154,810)	(145,000)	(146,000)
8 Total Income	(12,842,060)	(13,530,030)	(13,422,220)	(14,284,670)
Expenditure:				
9	1,883,461	2,054,190	2,126,990	2,168,880
10	1,672,882	1,803,540	1,852,780	1,776,120
11	1,542,541	1,527,280	1,576,790	1,560,510
12	4,238	4,240	0	0
13	39,873	43,900	58,090	46,530
14	16,068	11,550	20,000	30,000
15	3,924,913	4,613,520	4,527,320	4,935,330
16	50,485	49,390	87,000	92,310
17	3,400,320	3,395,940	20,318,000	15,897,000
18	121,702	107,780	107,780	127,780
19 Total Expenditure	12,656,483	13,611,330	30,674,750	26,634,460
20 Net Cost Of Services	(185,577)	81,300	17,252,530	12,349,790
21	292,359	311,940	(16,483,130)	(12,575,950)
22	263,649	263,650	263,650	263,650
23	(60,814)	(43,110)	(40,000)	(24,560)
24 Net Operating Expenditure	309,617	613,780	993,050	12,930
Appropriations:				
25	0	0	0	0
26	403,000	475,000	475,000	475,000
27	(1,198,400)	(1,235,090)	(1,360,000)	(825,000)
28	182,278	195,790	157,230	175,400
29 Deficit / Surplus (-)	(303,505)	49,480	265,280	(161,670)
HRA Reserve				
30	857,256	800,284	1,160,761	895,481
31	303,505	(49,480)	(265,280)	161,670
32 Balance at 31 March	1,160,761	750,804	895,481	1,057,151

REPAIRS AND MAINTENANCE

Line		2007/08	2008/09		2009/10
		Actual £	Original £	Revised £	Budget £
	Responsive Repairs (4571)				
33	General Works	779,258	719,290	837,250	808,000
34	Electrical, Gas, Oil and Solid Fuel	54,214	90,800	22,800	23,380
35	Insurance Excess	14,682	20,590	20,590	21,100
36	Other Costs	9,898	7,350	7,650	7,850
37	Net Cost of Service	<u>858,052</u>	<u>838,030</u>	<u>888,290</u>	<u>860,330</u>
	Planned Maintenance (4578 & 4579)				
38	Pre-painting Repairs	65,451	187,000	190,000	191,680
39	External Painting	150,128	141,500	150,000	145,040
40	Net Cost of Service	<u>215,579</u>	<u>328,500</u>	<u>340,000</u>	<u>336,720</u>
	Tenancy Changes (4573)				
41	Redecoration Grants to Tenants	45,150	45,500	45,500	46,640
42	Internal Repairs	298,804	302,800	314,550	311,260
43	Net Cost of Service	<u>343,954</u>	<u>348,300</u>	<u>360,050</u>	<u>357,900</u>

REPAIRS AND MAINTENANCE (Cont'd)

Line		2007/08	2008/09		2009/10
		Actual	Original	Revised	Budget
		£	£	£	£
	Special Items (4601 - 4699)				
44	External Walls	199	2,000	2,000	2,050
45	Garage Repairs	9,569	14,980	19,980	15,350
46	Dampness & Condensation	22,726	20,500	20,500	21,010
47	Stairlifts	3,937	4,000	4,000	4,100
48	Electrical Works	45,108	49,420	45,420	40,410
49	Internal Plumbing	10,158	21,740	11,740	5,880
50	Asbestos Removal	977	6,500	10,500	6,660
51	Total Programmed Work	<u>92,674</u>	<u>119,140</u>	<u>114,140</u>	<u>95,460</u>
52	Garages/Parking - Lighting	0	930	500	510
53	Replacement Sink Units	3,479	10,200	5,000	5,130
54	Estate Maintenance	10,005	16,580	20,580	16,990
55	Tidying Gardens	36,151	49,250	49,250	50,480
56	Internal Decorations for the Elderly	0	0	0	75,750
57	Garden Paths	22,758	21,800	21,800	22,350
58	Sheltered Units	8,714	7,000	7,000	7,180
59	Homeless Units	314	1,000	1,000	1,030
60	Other	455	500	1,500	25,510
61	Roofing	833	1,100	2,500	1,130
62	Fences/Gates	37,556	28,650	35,650	29,370
63	Unspecified Items	0	910	0	0
64	Total Non-Programmed Work	<u>120,265</u>	<u>137,920</u>	<u>144,780</u>	<u>235,430</u>
65	Net Cost of Service	<u>212,939</u>	<u>257,060</u>	<u>258,920</u>	<u>330,890</u>
	Administration and Supervision (4577)				
66	Operational and Support Services	252,936	282,300	279,730	283,040
67	Net Cost of Service	<u>252,936</u>	<u>282,300</u>	<u>279,730</u>	<u>283,040</u>
	Total Repairs & Maintenance	<u>1,883,461</u>	<u>2,054,190</u>	<u>2,126,990</u>	<u>2,168,880</u>

GENERAL MANAGEMENT

Line		2007/08	2008/09		2009/10
		Actual	Original	Revised	Budget
		£	£	£	£
	Policy & Management (4501,4510-4516)				
68	Insurance & Stationery	30	3,000	3,000	3,000
69	Other Costs	16,586	(21,020)	(18,320)	(20,650)
70	Operational and Support Services	827,866	938,300	1,059,890	1,011,670
71		<u>844,482</u>	<u>920,280</u>	<u>1,044,570</u>	<u>994,020</u>
72	Income	(60,740)	(17,060)	(25,410)	(17,380)
73	Net Cost of Service	<u>783,742</u>	<u>903,220</u>	<u>1,019,160</u>	<u>976,640</u>
	Allocation of Tenancies (4520 - 4526 & 4528-4529)				
74	Contracted Services	0	0	15,000	16,000
75	Operational and Support Services	462,879	502,110	348,900	360,790
76	Net Cost of Service	<u>462,879</u>	<u>502,110</u>	<u>363,900</u>	<u>376,790</u>
	Rent Collection and Accounting (4502)				
77	Contracted Services	13,279	16,400	16,400	16,400
78	Printing and Stationery	613	1,100	1,100	1,100
79	Other Costs	5,890	8,500	8,500	8,500
80	Operational and Support Services	270,061	293,340	317,850	297,760
81		<u>289,843</u>	<u>319,340</u>	<u>343,850</u>	<u>323,760</u>
82	Legal Costs & Fees Recovered	(10,847)	(41,690)	(41,690)	(42,690)
83	Net Cost of Service	<u>278,996</u>	<u>277,650</u>	<u>302,160</u>	<u>281,070</u>
	Contribution to Corporate Core (4505)				
84	Operational and Support Services	174,136	199,210	199,210	199,210
85		<u>174,136</u>	<u>199,210</u>	<u>199,210</u>	<u>199,210</u>
86	Salary Contingencies	0	(47,000)	0	(25,000)
87	Other Miscellaneous	1,670	1,710	1,710	1,710
88	Corporate Costs Rechargeable to Supporting People	(28,541)	(33,360)	(33,360)	(34,300)
89	Net Cost of Service	<u>147,265</u>	<u>120,560</u>	<u>167,560</u>	<u>141,620</u>
	Total Supervision & Management - General	<u>1,672,882</u>	<u>1,803,540</u>	<u>1,852,780</u>	<u>1,776,120</u>

SPECIAL SERVICES

Line	(SP = Supporting People) Non SP - Sheltered Units (42*)	2007/08	2008/09		2009/10
		Actual £	Original £	Revised £	Budget £
90	Employee Expenses	250,413	239,070	254,000	272,510
91	Premises - Repairs & Maintenance	82,505	28,750	48,980	49,340
92	Premises - Energy	135,139	149,200	191,070	206,910
93	Premises - Other Running Costs	52,257	53,990	63,040	61,720
94	Premises - Furniture and Equipment	20,927	21,730	28,770	21,730
95	Premises - Grounds Maintenance	15,012	9,700	22,470	23,870
96	Community Alarm System	41,060	37,340	36,840	36,840
97	Other Costs	140,492	177,620	160,330	168,060
98	Operational and Support Services	111,696	161,970	229,240	228,610
99	Recharges to Supporting People Schemes	(314,766)	(448,150)	(488,130)	(529,230)
100		<u>534,735</u>	<u>431,220</u>	<u>546,610</u>	<u>540,360</u>
101	Wardens Services Charges	(163,118)	(214,860)	(204,830)	(216,110)
102	Energy Charges	(141,046)	(149,200)	(144,000)	(187,000)
103	Other Income	(1,107)	(800)	(3,300)	(3,400)
104	Net Cost of Service	<u>229,464</u>	<u>66,360</u>	<u>194,480</u>	<u>133,850</u>
	Non SP - Homeless Units (4541 & 4542)				
105	Employee Expenses	142,634	107,600	38,360	330
106	Premises - Repairs & Maintenance	23,970	12,270	8,580	4,400
107	Premises - Energy	9,983	11,380	1,750	630
108	Premises - Other Running Costs	14,586	12,990	8,010	8,010
109	Premises - Furniture and Equipment	9,685	6,290	1,960	1,500
110	Supplies and Services	7,698	9,090	4,540	760
111	Operational and Support Services	26,927	31,080	10,820	8,230
112	Recharges to Supporting People Schemes	(99,283)	(77,850)	(37,870)	(12,550)
113		<u>136,200</u>	<u>112,850</u>	<u>36,150</u>	<u>11,310</u>
114	Wardens Services Charges	(37,621)	(49,920)	(5,180)	(5,460)
115	Energy Charges	(3,552)	(3,850)	(500)	(500)
116	Other Income	(5,177)	(6,070)	(1,090)	(950)
117	Net Cost of Service	<u>89,850</u>	<u>53,010</u>	<u>29,380</u>	<u>4,400</u>
	Total Supervision & Management - Special (Non-SP)	<u>319,314</u>	<u>119,370</u>	<u>223,860</u>	<u>138,250</u>

SPECIAL SERVICES (Cont'd)

Line	(SP = Supporting People)	2007/08	2008/09		2009/10
		Actual £	Original £	Revised £	Budget £
	SP - Sheltered/Homeless Units (4318-4352)				
118	Operational and Support Services	94,297	55,840	55,840	57,500
119	Recharges from Non-Supporting People Schemes	414,049	526,000	526,000	541,780
120		508,346	581,840	581,840	599,280
121	Supporting People Grant	(473,061)	(521,060)	(375,400)	(375,400)
122	Supporting People - Community Alarm Charges	(79,232)	0	(82,300)	(86,800)
123	Net Cost of Service	(43,947)	60,780	124,140	137,080
	SP - Community Alarms (4387)				
124	Repairs, Maintenance and Equipment	103	0	2,250	100
125	Energy and Other Premises Costs	562	0	0	0
126	Community Alarm System	2,393	0	1,100	1,100
127	Operational and Support Services	2,804	0	1,110	1,080
128		5,862	0	4,460	2,280
129	Supporting People Grant	0	0	0	0
130	Supporting People - Community Alarm Charges	0	0	0	0
131	Net Cost of Service	5,862	0	4,460	2,280

SPECIAL SERVICES (Cont'd)

Line		2007/08	2008/09		2009/10
		Actual £	Original £	Revised £	Budget £
Communal Services (4586)					
132	Repairs, Maintenance and Equipment	13,735	10,480	10,480	10,480
133	Energy and Other Premises Costs	18,549	8,180	34,150	31,050
134	Operational and Support Services	1,518	1,700	1,320	1,150
135	Net Cost of Service	<u>33,802</u>	<u>20,360</u>	<u>45,950</u>	<u>42,680</u>
Estate Sewerage (4562)					
136	Premises - Repairs and Maintenance	4,692	6,020	6,020	6,170
137	Premises - Other Running Costs	4,823	5,980	5,980	6,130
138	Other Costs	5,825	6,220	6,320	6,480
139	Operational and Support Services	6,033	6,130	7,150	6,820
140		<u>21,373</u>	<u>24,350</u>	<u>25,470</u>	<u>25,600</u>
141	Income	(14,816)	(15,080)	(15,080)	(15,460)
142	Net Cost of Service	<u>6,557</u>	<u>9,270</u>	<u>10,390</u>	<u>10,140</u>
Amenity Areas (4561)					
143	Grounds Maintenance Contracts	193,504	226,920	173,630	184,800
144	Repairs and Maintenance	8,417	7,690	7,690	7,880
145	Other Running Costs	33,560	39,140	44,210	43,450
146	Plants, Trees, Shrubs, Stakes etc.	2,238	4,200	6,540	6,700
147	Playground Equipment	214	8,240	16,240	8,450
148	Other Costs	6,467	800	1,600	820
149	Operational and Support Services	50,764	59,790	75,470	75,840
150		<u>295,164</u>	<u>346,780</u>	<u>325,380</u>	<u>327,940</u>
151	Contribution from General Fund	(132,539)	(154,810)	(145,000)	(146,000)
152	Net Cost of Service	<u>162,625</u>	<u>191,970</u>	<u>180,380</u>	<u>181,940</u>
Roads and Footpaths (4400)					
153	Premises Expenses	3,104	2,500	2,500	2,560
154	Supplies and Services	0	4,280	4,280	4,410
155	Operational and Support Services	2,921	3,100	4,150	4,090
156	Net Cost of Service	<u>6,025</u>	<u>9,880</u>	<u>10,930</u>	<u>11,060</u>
Total Supervision & Management - Special (Other)		<u>209,009</u>	<u>231,480</u>	<u>247,650</u>	<u>245,820</u>

PROPOSED HOUSING REVENUE ACCOUNT CHARGES FOR 2009/10

**Service charges - incorporating
Accommodation and Supporting People
charges**

	Supporting People	Accommodation	2008/09 Total Service Charge	Supporting People	Accommodation	2009/10 Total Service Charge
Sheltered Accommodation						
<u>Very Sheltered Accommodation - Level One</u>						
William Wood House	41.66	} 29.92	71.58	43.95	} 31.57	75.52
Sydney Brown Court	40.46		70.38	42.69		74.26
<u>Other Sheltered Accommodation</u>						
<u>- Level Two</u>						
Steeds Meadow	28.24	} 10.04	28.24	29.79	} 10.59	29.79
Elizabeth Court	28.75		28.75	30.33		30.33
Playford Court	25.65		25.65	27.06		27.06
<u>- Levels Three and Four</u>						
Springlands	25.73	} 7.49	33.22	27.15	} 7.90	35.05
Tenterpiece	25.89		33.38	27.31		35.21
Parkers Way	20.04		27.53	21.14		29.04
Hill House	33.98		41.47	35.85		43.75
Grimwood Corner	20.48		27.97	21.61		29.51
Newell Court	21.21		28.70	22.38		30.28
Clover Court	41.38		48.87	43.66		51.56
Gayford Court	21.05		28.54	22.21		30.11
Taylor Close	19.35		26.84	20.41		28.31
Samford Close	31.93		39.42	33.69		41.59
Angel Street	16.64		24.13	17.56		25.46
Ash Street	32.38		39.87	34.16		42.06
Spring Street	23.51		31.00	24.80		32.70
Inkerman Terrace	23.28		30.77	24.56		32.46
Bradfield Avenue	15.89		23.38	16.76		24.66
Homeless Units						
Old School House, Hadleigh:						
- 1 person unit	-	41.94	41.94	-	44.25	44.25
- 2 person unit	-	47.06	47.06	-	49.65	49.65

PROPOSED HOUSING REVENUE ACCOUNT CHARGES FOR 2009/10

Light & Heat (Private Rooms and Communal Areas)			2008/09 Total Light & Heat Charge			2009/10 Total Light & Heat Charge
	Private Rooms	Communal Areas		Private Rooms	Communal Areas	
- Level One Bedsits (Very Sheltered Accommodation)	6.81	2.33	9.14	8.85	3.03	11.88
- Level One Non-Bedsits (Very Sheltered Accommodation)	13.61	4.69	18.30	17.69	6.10	23.79
- Level Two Bedsits (Sheltered Accommodation)	4.94	1.54	6.48	6.42	2.00	8.42
- Level Two Non-Bedsits (Sheltered Accommodation)	9.90	3.09	12.99	12.87	4.02	16.89
- Level Three, where applicable, Bedsits (Sheltered Accommodation)	5.48	0.49	5.97	7.12	0.64	7.76
- Level Three, where applicable, Non-Bedsits (Sheltered Accommodation)	10.95	1.01	11.96	14.24	1.31	15.55
- Homeless Units Bedsits	3.67	1.22	4.89	4.77	1.59	6.36
- Homeless Units Non-Bedsits	7.35	2.45	9.80	9.56	3.19	12.75
Furnishing Charges			2008/09			2009/10
<u>Homeless Units</u>						
- 1 Person Unit			4.81			5.07
- 2 Person Unit			5.76			6.08
Garage Rents						
Garages casually let to council tenants			5.75			6.14
Garages casually let to private tenants			7.22			7.70

3.185

Service and heating charges for sheltered accommodation

1. Charges are made for the provision of services in the Council's sheltered accommodation schemes and homeless units. In addition, heating and lighting costs have to be recovered from residents.
2. An increase of 5.5% is proposed for scheme service charges, details of which are attached. This is the maximum allowed under the Government's supporting people and housing subsidy arrangements. That increase will ensure there is a recovery of appropriate costs, a number of which are increasing e.g. single status, repairs and maintenance and other running costs.
3. The same rate has also been applied to the Homeless Units and furnishing charges.
4. In relation to heating and lighting, Members will be very aware that the recent volatilities in the energy market have resulted in sharp increases in costs. In the past the Council's approach in setting charges and recovering costs has worked well and any balances (surplus/deficits) have been evened out in 2-3 year cycles. The charges are set based on projected energy prices and contractual arrangements for securing the best possible energy prices as part of the overall budget process.
5. The Council's approach to managing these volatilities and in securing competitive prices has been to procure its energy through the Suffolk County Council Energy & Utilities Consortium who in turn use the Office of Government Commerce Consortium. The purchasing power of this group means that we are able to secure the best energy prices based on one-year term contracts. There is also a provision for a credit on gas prices should they fall within this period (the current contract runs from October 2008 for 12 months).
6. Despite these arrangements, costs are likely to be around 40% higher in 2008-09 than the previous year. This will result in a projected under recovery of around £40k for 2008/09. With a further increase of around 10% expected for 2009/10 an overall recovery gap of 70% is anticipated. Although costs may reduce in October 2009, that position will depend on oil and other prices at that time and that reduction cannot be predicted with any certainty.
7. In terms of costs recovery through charges to residents, which were only increased by 7% in April 2008, there is a projected deficit of about £50k in the current financial year, which would be repeated again next year if costs do not reduce when the energy contracts are renewed next year.
8. Clearly, trying to recover that deficit and predicting whether the position will improve markedly next year is a difficult challenge, given the general uncertainty surrounding costs. Recovering this year's deficit alone would add over 30% to charges, with at least that amount again to cover next year's known increase in costs. That scale of increase is considered a big financial burden on our residents.

9. The proposed approach, therefore, is to spread recovery of the deficit and look to continue to smooth out volatility in costs over a three-year period. This will still mean increasing charges by 30% from April 2009 and charges over the following two years may have to increase by similar levels, depending on how energy prices move over the period.
10. This of course will be carefully reviewed and monitored in relation to any changes to the future energy prices. The detailed energy charges for 2009/10 are attached.
11. Whilst an increase of 6.7% has been applied to garage rents (in line with rent increases), members' views are sought in considering a lower rate in view of the economic downturn.

Homira Javadi