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Budget 2008/09

The HRA and Implications for Nottingham City Homes

January 2008

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Subsidy

	2007/08 £'000	2008/09 £'000	Reduction £'000
Subsidy exc MRA	(7,766)	(13,536)	(5,770)
MRA	16,676	16,844	168
Total	8,910	3,308	(5,602)
Rental Constraint Allowance included	2,739	0	(2,739)

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HRA Income	Original 07/08 £'000	Revised 07/08 £'000	Original 08/09 £'000
Rent	75,044	76,091	75,304
Service Charges	3,703	3,703	3,682
Other Rents	1,091	1,132	1,154
Interest	0	100	150
Other Income	70	70	60
HRA Subsidy	9,984	8,910	3,308
Total Income	89,892	90,006	83,658

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HRA Expenditure	Original 07/08 £'000	Revised 07/08 £'000	Original 08/09 £'000
NCH Manag't Fee	33,567	34,034	34,015
Development Bid	1,500	1,500	0
NCH Savings	0	0	(1,100)
Repairs to Dwellings	19,143	19,393	19,622
NCC Retained Services	3,264	3,449	3,634
Depreciation	16,667	16,676	16,844
Capital Financing	16,114	14,967	14,484
RCCO	1,132	1,133	0
Provision for Bad Debts	954	1,495	1,495
Total Expenditure	92.341	92.647	88.994

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	Original 07/08 £'000	Revised 07/08 £'000	Original 08/09 £'000
(Surplus)/Deficit in Year	2,449	2,641	5,336
Balance b/f	(5,449)	(5,631)	(2,990)
Balance c/f	(3,000)	(2,990)	2,346

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	Indicative Council Tax	RPI plus 0.5%	Guideline Rent	Formula Rent	Limit Rent
% Increase	3%	4.4%	5.8%	6.1%	10.7%
	£	£	£	£	£
Ave rent 07/08	52.94	52.94	52.94	52.94	52.94
Increase	1.59	2.33	3.07	3.21	5.66
Ave rent 08/09	54.53	55.27	56.01	56.15	58.60
Additional rent	2.259m	3.313m	4.367m	4.593m	8.057m
Additional s/charge	0.110m	0.162m	0.214m	0.224m	0.394m
Revised (Surplus) /Deficit	3.262m	2.156m	1.050m	0.814m	(2.820m)

NCH Budget Highlights – Stage 1

- **2007/08** - Repairs + £250k, Restructure £500k from balances
- Reduction in rent loss through voids £700k benefit to HRA

- **2008/09** - Bid for £34.015m Management Fee
- Original bid for Management Fee extra £450k (1.3%)
- Extra £400k for caretaking to all blocks
- Extra £250k for communal areas
- Extra £200k investment in ICT developments
- Savings of £250k from SLAs with Council
- Savings from staff restructure and reduced use of consultants

NCH Budget Highlights – Stage 2

- £1.1m savings identified from Management Fee bid
 - Staff vacancy management and not using temps
 - Further £350k from SLAs
 - Back office costs
- To maintain working balance requires further £1.05m
- Further work by NCC but changes likely to be minor
- Looking at level of balances – possible £500k
- Prudent view of bad debts taken- possible provision reduction

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Benchmarking – Housemark ALMO Club

- 2006/07 Housemark headline is high cost low performing
- £695 per property for core housing management
- 2007/08 target < £624 to be above bottom quartile
- 2008/09 target < £497 to be second quartile
- Significant improvements expected in Repairs and Tenancy Management

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NCH Fee

Item	£m
Repairs	6.6
Caretaking	1.7
Supported Housing	2.5
Garden Assistance	1.1
Local Offices (exc staff)	0.8
Tenant Participation	0.4
Voids, Lettings and Allocations	2.2
Tenancy & Estates, including communal lighting	6.4
Income Management	1.8
Central Management, Admin, Support, Insurances	9.4
Total	32.9

Beyond 2008/09

- Government review of HRA Finance and Subsidy
- Rent restructuring and service charge policy?
- NCH continue to look for 3 % minimum efficiencies –
 - Back office costs, internal and bought in
 - Accommodation Strategy
 - Procurement techniques
 - Further reductions in rent loss through voids
 - Improved rent collection rates

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