

HRA Housing Subsidy Determination 2011/12

The Housing Subsidy Determination proposes changes resulting in revenue subsidy payable of £14.532 million compared to £12.991 million payable last year. The overall subsidy position (taking into account the capital element) is an increase in the transfer of resources to the Government of £1,269 million to £4.754 million. The following table summarises the determination and the notional elements included:

Housing Subsidy	2010/11 Forecast £'000	2011/12 Determination £'000	Change £'000
<i><u>'Notional' Revenue Items</u></i>			
Management Allowance	(8,236)	(8,374)	(138)
Maintenance Allowance	(15,256)	(15,722)	(466)
Capital Charges	(4,884)	(5,229)	(345)
	(28, 376)	(29,325)	(949)
Less Guideline Rent	41,367	43,857	2,490
Net revenue subsidy payable to the Government (exc. MRA)	12,991	14,532	1, 541
<i><u>Capital Items</u></i>			
Major Repairs Allowance	(9,506)	(9,778)	(272)
Overall subsidy position – net payment to the Government	3,485	4,754	1,269

Note: credits represent income

Management

The Management Allowance has been calculated on the same formulae basis as last year and will increase by 1.77% to £680.60 per dwelling, compared to a national average increase of 2.6% at £697.84 per dwelling.

Maintenance

The Maintenance Allowance has been calculated on the same basis as last year and will increase by 3.14% to £1,277.81 per dwelling, compared to a national average increase of 1.9% at £1,203.33, per dwelling.

Capital Charges

The HRA receives subsidy based on the cost of financing historical borrowing allocations. The amount of subsidy allowance for the cost of financing reflects a forecast increase in interest rates for 2011/12.

Guideline Rent

The subsidy system assumes a notional guideline rent per dwelling which increases annually in line with the government's Rent Restructuring Policy. The guideline rent for 2011/12 is £69.95 per property per week, an increase of 6.11%.

Major Repairs Allowance (MRA)

In addition to the revenue subsidy the HRA also receives a Major Repairs Allowance for each property, which is used to partly fund the Capital Programme. The MRA represents the estimated long term average amount of capital spending required to maintain the stock in it's current condition.

The MRA will increase by 2.95% (compared to 1.7% last year), increasing average MRA to £794.68 per dwelling compared to a national average of £719.88. The total MRA, including the loss of stock from Right to Buy sales, has increased by £0.271 million to £9.777 million.