

Report to: ENVIRONMENT, DEVELOPMENT AND
REGENERATION SCRUTINY COMMITTEE
(BUDGET)

Item:

Date: 6th February 2006

Date:

Report of: Chief Housing Officer

Contact Officer: Edward Mellor ext 5660

Report No.

TITLE OF REPORT:

HRA growth in the Bolton at Home management budget 2006/07

NON-CONFIDENTIAL

This report does **not** contain information which warrants its consideration in the absence of the Press or Members of the public

RECOMMENDATIONS:

The Executive Member is asked to approve the level of 2006/07 management fee for inclusion as part of the 2006/07 Rents Report.

DECISION:

Signed:
Leader/Executive Member Monitoring Officer

Date:
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Signed:

Leader/Executive Member

Monitoring Officer



Date:

An Equality Impact Assessment is not required because this report does not relate to a change or introduction of any new

policy, procedure or working practice.	
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SUMMARY OF REPORT:

EXECUTIVE SUMMARY

This report provides the detail behind the proposed bid for growth from the management fee paid to Bolton at Home from the Housing Revenue Account. The growth is shown under 2 headings :

- Demand led growth
- Strategic Growth

A further 2 headings show the savings which have been identified

- Savings to the HRA management fee paid to Bolton at Home
- Savings elsewhere within the HRA

1. INTRODUCTION

1.1 This report provides the detail behind the proposed growth bid in respect of the HRA management fee which is paid to Bolton at Home.

1.2 The growth in the management fee referred to in the report can be split into 3 sections :

- Demand led growth (see Table 3)
- Strategic / legislative Growth (see Table 4)
- Service / Business Planning growth (see Table 5)

A further 2 headings show the savings which have been identified

- Savings to the HRA management fee paid to Bolton at Home
- Savings elsewhere within the HRA

1.3 The proposed growth and savings are summarised in Table 1 below:-

Table 1 - Proposed change in the HRA Management Fee			
	£000	£000	£000
	2006/07	2007/08	2008/09
2005/06 Management Fee	13,309	13,309	13,309
In year adjustment for Tenants Contents Insurance	24	24	24
Adjusted 2005/06 Management Fee	13,333	13,333	13,333
Removal of one-off items (Table 2)	-170.0	-170.0	-170.0
Demand led growth (Table 3)	397.0	794.0	1,191.0
Strategic / legislative growth (Table 4)	146.0	67.0	67.0
Service / business planning growth (Table 5)	339.8	198.4	198.4
Savings to the HRA management fee paid to BH (Table 6)	-135.6	-135.6	-135.6
Savings to the HRA (<i>not included in management fee total</i>) (Table 7)	-570.7	-765.3	-805.3
Draft Management Fee before funding switches	13,910.2	14,086.8	14,483.8
Funding switch from commissioning fee (Table 9)	604.8	604.8	604.8
Draft Management Fee after funding switches	14,515 b14+b15	14,691.6	15,088.6
Increase in management fee over 2005/06	1,182.0	1,358.6	1,755.6
Net change to HRA (includes savings to the HRA)	611.3	593.3	950.3
Net change to HRA %	4.58	4.45	7.13
Net change to HRA % (excluding demand led & funding switches)	-2.93	-6.04	-6.34

2. Removal of one off funding from 2005/06 management fee

Table 2 – Removal of one-off items from 2005/06	
	£000
	2006/07
One-off funding to prepare new tenancy agreement	-33
Final year funding for the decommissioning of sheltered properties	-107
One year funding for review of concierge service	-30
Total	-170

3. Demand Led Growth

3.1 Table 3 below summarises the demand led growth:-

Table 3 – Demand led growth in the HRA Management Fee			
	£000	£000	£000
	2006/07	2007/08	2008/09
Inflation	350	700	1,050
Employers superannuation increase of 0.7%	47	94	141
Total	397	794	1,191

4. Strategic / Legislative growth

4.1 A summary of the strategic growth is shown in Table 4 below. Further details are shown in the Organisational Development appendix.

Table 4 - Strategic / legislative growth in the HRA Management Fee			
	£000	£000	£000
	2006/07	2007/08	2008/09
Organisational Development – Health and Safety	146.0	67.0	67.0
Total	146.0	67.0	67.0

5. Service / Business Planning growth

5.1 The growth in Table 5 has arisen from the business planning exercise undertaken within Bolton at Home with summer 2005..

Table 5			
Service / Business Planning growth in the HRA Management Fee			
	£000	£000	£000
	2006/07	2007/08	2008/09
Housing Services Link to other savings the HRA of £37.6k (Table 6&7) Main items :			
<ul style="list-style-type: none"> • Introduction of Allpay to allow tenants greater choice of venues to pay their rent • Resiting of all staff involved in income collection service to one office base 	227.8	123.9	123.9
Customer Services	30.1	28.1	28.1
Business & Financial Services	18.9	17.4	17.4
Organisational Development Main item :			
<ul style="list-style-type: none"> • Accreditation of staff training programme with the Institute of Leadership and Management 	63.0	29.0	29.0
Total	339.8	198.4	198.4

6. Savings to the HRA Management Fee

- 6.1 As a result of the initiatives put forward by Bolton at Home, a series of savings to the management fee have been identified. These are summarised in Table 6 below. They are also shown in the appendices to this report which show growth and savings on a directorate basis.

Table 6 – Savings in the HRA Management Fee paid to BH			
	£000	£000	£000
	2006/07	2007/08	2008/09
Gershon			
Best Practice team – external income (CS)	-10.0	-10.0	-10.0
Web based repair reporting (CS)	-2.0	-2.0	-2.0
Concierge review (CS)	-15.0	-15.0	-15.0
Org Dev SLA with BMBC (OD)	-15.0	-15.0	-15.0
Use in-house assessment centres (OD)	-10.7	-10.7	-10.7
Savings from use of in-house accommodation for training and away days	-5	-5	-5
Governance savings (Recruitment, room hire, e-mail)	-5.3	-5.3	-5.3
Other savings			
Reduced printing / photocopying budget in Financial Services (B&FS)	-25.5	-25.5	-25.5
Saving of one MSO arising from relocation of Income Management team	-15.5	-15.5	-15.5
Rates savings released from New Lane and Rostherne Gardens	-5.0	-5.0	-5.0
Savings in rent from vacating Paderborn House	-26.6	-26.6	-26.6
Total	-135.6	-135.6	-135.6

7. Other savings to the HRA

- 7.1 As a result of the initiatives put forward by Bolton at Home, some of which have costs attached to them which are included in Table 3, a series of savings and additional income to the HRA have been identified. These are summarised in Table 5 below. These are also shown in the appendices to this report which show growth and savings on a directorate basis

Table 7 – Savings to the HRA			
	£000	£000	£000
	2006/07	2007/08	2008/09
Gershon savings			
Further savings in rent loss from void properties	-89.7	-169.7	-169.7
Tender of South Area Contract. Savings to all cost areas resulting in a lower price allowing the core R&M budget to be reduced by £300k	-300.0	-300.0	-300.0
Carry out the planned programme within R&M at 10% below SoR by reducing the amount of non-productive time for this work.	-100.0	-100.0	-100.0
Other savings			
Savings arising from the relocation of Income Management teams on one site		-41.6	-41.6
Savings from Tenants Incentive Scheme. 2006/07 effect is included in HRA repairs budget	-70.0	-143.0	-183.0
Additional income from office accommodation freed up for letting to tenants or other users <i>Linked to Housing Service growth in Table 5</i>	-11.0	-11.0	-11.0
Total	-570.7	-765.3	-805.3

- 7.2 The overall target for cashable Gershon savings for 2005/06 is £1.2m. A summary of the savings identified to date is shown in the table below :

Table 8 Gershon savings	
	2006/07
	£000
HRA Management fee	-58
GRF Management fee	-93
Repairs and Maintenance	-498
HRA capital	-800
Total	-1,449

8. Funding switches from Commissioning fee to management fee

- 8.1 As a result of inconsistencies in the base budget a number of items have been funded from commissioning fees which would more correctly be funded from the management fee. These are shown in Table 8 below.

Table 9 – Funding switches			
	£000	£000	£000
	2006/07	2007/08	2008/09
Transactions charges for services provided by the Contact Centre as formalised in the SLA	228.3	228.3	228.3
Base budget adjustments			
Housing Benefit – formerly recharged from HRA to GRF	195.8	195.8	195.8
Senior manager / Chief Officer regrades	72.9	72.9	72.9
Funding for Information officer post	21.3	21.3	21.3
Items arising from WSBVR which missed the 2004/05 budget setting process			
Customer Complaints Officer	24.5	24.5	24.5
GIS Technician	22.0	22.0	22.0
Occupational Therapist	25.0	25.0	25.0
Armchair Exercise for the elderly	5.0	5.0	5.0
Customer Profile study	10.0	10.0	10.0
Total	604.8	604.8	604.8

9. Recommendation

- 9.1 The Executive Member is asked to approve the level of 2006/07 management fee for inclusion as part of the 2006/07 Rents Report.