

Commentary on the Housing Revenue Account Subsidy determination 2011-2012

Citation and commencement (paragraph 1 of the Determination)

1. The Determination will apply for 2011-2012 only. References to various dates and years in the determination have been updated where appropriate.

General formula (paragraph 3.1 of the Determination)

2. The general formula for calculating the amount of Housing Revenue Account (HRA) subsidy payable to an authority for 2011-2012 is based on that used for the 2010-2011 HRA Subsidy Determination, except where there are agreed annual updates to the data.

Data (paragraphs 3.2 and 3.5 of the Determination)

3. The specified amounts included in the Schedules to the Determination are calculated in all but a few cases using auditor-certified data received in a manner specified by the Department up to **5:00 pm on 10 December 2010**. For those authorities that completed whole stock transfers before 31 October 2010 all data on stock and rents have been pre-set to zero. The Department has used a later date for the purposes of the final Determination.
4. The Department has calculated the final specified amounts for 2011-2012 (and DWP has specified limit rents for 2011-2012) on the basis of such auditor-certified data as received by that date.

Specified Amounts

5. In completing form 11B2, or otherwise, some authorities may have discovered that data in forms 03B2, 04B2, 05B2 06B2, 07B2, 08B2, 09B2 or 10B2 used to calculate specified amounts for earlier years require amendment. Specified amounts are amounts that are pre-calculated by the Department and which, once agreed during the consultation period are pre-set in the final

Determination and not generally subject to change during the year for which they have effect.

The Department's policy is that once pre-set in the HRA Subsidy Determination for the year, i.e. the determination for that year has been made, the specified amounts for that particular year will not be recalculated, except as provided for in the relevant Determination or in other exceptional circumstances, such as where the Department itself has made a mistake.

6. In addition, once the Secretary of State has made a final decision as to the amount of HRA subsidy under section 80A of the Local Government and Housing Act 1989 in respect of a year (as has now been done for years prior to 2007-2008) there will be no opportunity to recalculate subsidy for those years.
7. On that basis the Department will not permit amendments to the specified amounts in the 2011-2012 Determination made using form 11B2, except in exceptional circumstances.

Management Allowances and Maintenance Allowances (Paragraph 4.1 and 4.2 of the Determination)

8. Management and maintenance allowances are a key expenditure assumption within the HRA subsidy system. The calculation of each authority's management and maintenance allowances is described in worksheets 'Man Com' and 'Mnt Com' respectively, which are annexes to this commentary. The following text summarises the formulae for 2011-2012.

Management Allowances

Calculation of management allowances per dwelling before transitional arrangements

9. There are seven steps in the calculation of management allowances per dwelling before transitional arrangements.

Step 1: Initial estimate of costs

10. There are no changes from 2010-2011.
11. Initial estimate of costs for a local authority (LA) is:
 - (i) if dwellings (including shared ownership and including PFI dwellings) are $\leq 1,400$ then fixed costs = $\pounds 11,268 + \pounds 247 \times \text{dwellings}$;
 - (ii) if dwellings (including shared ownership and including PFI dwellings) are $> 1,400$ then fixed costs = $\pounds 357,000 + (\pounds 233 \times (\text{dwellings} - 1400))$.

12. Dwellings include:
- (i) the authority's share of dwellings in shared ownership;
 - (ii) the dwellings equivalent of bed-spaces in hostels and houses in multiple occupation; and
 - (iii) PFI dwellings.
13. This formula provides a good explanation of the relationship between the number of dwellings of an authority and its relative need to spend on management assuming that:
- (i) its proportion of flats is the stock-weighted average for all authorities with stock;
 - (ii) its proportion of houses is the stock-weighted average for all authorities with stock;
 - (iii) it has the level of rent arrears and tenant management costs which would arise if all its stock were either houses or low rise flats;
 - (iv) the level of crime in its area is at the national average for all authorities whether or not with HRAs;
 - (v) its level of re-let and termination costs is at the stock-weighted average for all authorities with stock;
 - (vi) it has no pro-active management costs to tackle deprivation; and
 - (vii) costs per unit of management are the same in each geographical area.
14. Steps 2 to 6 allow for the fact that the above features do of course vary between authorities.
- Step 2: Increase or decrease initial estimate of costs according to proportions of flats and houses***
15. The estimated proportion of an authority's stock with common facilities is calculated as:
- (89% of its flats + 13% of its houses) / stock
16. An authority with an average proportion of flats and an average proportion of houses would spend 14.2% of its initial costs on the management of dwellings with common facilities. This part of Step 1 costs is either increased or decreased.
17. Each authority's Step 2 costs =

85.8% of Step 1 costs

plus

14.2% of Step 1 costs x (estimated proportion of individual LA's dwellings with common facilities) / (average estimated proportion of all LAs' dwellings with common facilities).

The average estimated proportion of all LAs' dwellings with common facilities is the stock weighted average of the estimated proportion of individual LAs' dwellings with common facilities. This is 49.1%.

Step 3: Increase Step 2 costs according to proportion of medium and high rise flats

18. Step 2 costs assume that each authority has the level of rent arrears and tenant management costs which would arise if all its stock were either houses or low-rise flats. Step 3 corrects this assumption and **adds** to the Step 2 costs of each authority. The greater is an authority's proportion of medium and high rise flats, the greater is the addition to its costs.

19. An authority with an average proportion of medium and high rise flats would spend 20.0% of management costs on such rent arrears and tenancy management activities. Therefore, each authority's Step 2 costs are partitioned as follows:

(i) 80.0% of Step 2 costs is not related to medium and high rise flats and is unchanged; and

(ii) 20.0% of Step 2 costs is related to medium and high rise flats and is increased.

20. Each authority's Step 3 costs =

80.0% of its Step 2 costs

plus

20.0% of its Step 2 costs x (factor for medium rise and high rise flats)

where factor for medium and high rise flats =

individual LA's proportion of houses, bungalows and low rise flats x 1.0

plus

individual LA's proportion of medium and high rise flats x 2.3

Step 4: Increase or decrease Step 3 costs according to crime factor and re-lets and terminations percentage

21. An authority with an average level of crime and re-lets and terminations would spend 22.8% of management costs on crime-driven activities, and 9.6% of costs on re-lets and terminations-driven activities. Therefore, each authority's Step 3 costs are partitioned as follows:
- (i) 67.6% of its Step 3 costs are related neither to crime nor to re-lets and terminations - these are unchanged;
 - (ii) 22.8% of its Step 3 costs are increased or decreased according to its *crime factor*, and
 - (iii) 9.6% of its Step 3 costs are increased or decreased according to its *re-lets and terminations percentage*.

Crime Factor

22. This is based on violence against the person per 1,000 population - average rate for 2007-2008, 2008-2009 and 2009-2010. These series have been obtained from the Home Office and can be seen for all authorities in row 91 of the 'Man Com' excel worksheet in the annexes, which can be accessed via the Department's website. (The violence against the person data for the City of London continues to be adjusted to take account of bias caused by the proportionally large number of non-residents who work there. Without this adjustment, the reported crime rate would overstate the incidence of violence against the person affecting local residents. A population weighted average of Camden, Westminster and the City of London is used instead for each of 2007-2008, 2008-2009 and 2009-2010.)
23. We have adopted a rolling average of three years in order to smooth changes from one year's Determination to the next.
24. For each authority, 22.8% of its Step 3 costs is multiplied by its crime factor.
25. Crime factor for each authority =
- (crime rate for that authority)
(national average crime rate per 1,000 population for all authorities in England, whether or not with HRAs).
26. An authority with a crime rate greater (less) than the national average will have an increase (decrease) in 22.8% of its Step 3 costs.

Re-lets and terminations percentage

27. For each authority, 9.6% of its Step 3 costs is multiplied by its re-lets and terminations percentage, relative to the stock-weighted average re-lets and terminations percentage for all authorities with stock.

28. The re-lets and terminations percentage is calculated as (average of re-lets and terminations) stock.
29. An authority with a re-lets and terminations percentage greater (less) than the stock-weighted average will have an increase (decrease) in 9.6% of its Step 3 costs.
30. The HRA housing management costs to which the re-lets and terminations percentage is applied are costs associated with re-letting and terminations activities.

Step 5: Increase Step 4 costs of some authorities to allow for extra management costs for tackling deprivation

31. Authorities with housing stock have been divided into five categories.

These categories are based on the ranks of all LAs (whether or not with HRAs) on the following six measures of deprivation listed in Annex L of *The English Indices of Deprivation 2007* (DCLG June 2007), ID2007:

- Average score
- Average rank
- Extent
- Local concentration
- Income scale
- Employment scale

The Chart in **Annex 1** describes how Step 5 adds to the relative need to spend of some LAs, according to their categorisation.

Step 6: Geographical cost adjustment

32. The total costs from Step 5 for each authority are multiplied by its Area Cost Adjustment (ACA) for Personal Social Services for Older People used for the calculation of Revenue Support Grant. (The 2011-2012 Determination uses the ACA 2004-2006 factors for older people's PSS.) ACA Values can be found in a table included in the worksheet 'BCIS-ACA' in the annexes to this commentary.

Step 7: Adjust all Step 6 costs so that their aggregate equals the amount of management allowances made available by the Spending Review

33. Step 7 allowance per dwelling before transitional arrangements =

Step 6 costs x national scaling factor

where, national scaling factor = Y / Z

Y = the sum over all authorities in the 2010-2011 HRA Subsidy Determination of (each authority's dwellings in 2011-2012 HRA Subsidy Determination) x (its management allowance per dwelling in the 2010-2011 HRA Subsidy Determination) x *uplift*

uplift = (1 + *real increase* + *re-basing* + *inflation*)

real increase = 0.00

re-basing is 0.000

inflation (OBR forecast of GDP deflator) is 0.0250

Hence, *uplift* is 0.025 that is a pro-rated cash increase of 2.5% per dwelling.

Z = the sum over all authorities in the 2010-2011 HRA Subsidy Determination of their Step 6 costs.

34. Step 7 produces the final management allowance before transitional arrangements for each local authority.
35. The national scaling factor is given in row 172 of the 'Man Com' worksheet in the annexes.

See **the 'Rebasing' worksheet** for the calculation of the re-basing percentage.

Calculation of management allowances per dwelling after transitional arrangements

36. Ministers have decided that an authority's 2011-2012 management allowance per dwelling after transitional arrangements will be at least equal in cash terms to its 2010-2011 management allowance per dwelling.
37. For some authorities the management allowance per dwelling is greater after than before transitional arrangements. For other authorities, the reverse is the case. In aggregate the gains to the former authorities equal the losses to the latter authorities.
38. An authority's management allowance for 2011-2012 will be the higher of:
 - (a) 100% of its management allowance for 2010-2011, or
 - (b) a certain % (given in row 206 of the 'Man Com' worksheet in the annexes) of its management allowance for 2011-2012 before transitional arrangements, as calculated at Step 7 above.
39. Add £4 per dwelling for Energy Performance Certificate production.
40. The management allowance per dwelling for 2011-2012 after transitional arrangements for each authority, including £4 for energy performance

certificates, is specified in Schedule 4 to the HRA Subsidy Determination 2011-2012. The full calculation in the 'Man Com' worksheet in the annexes for any authority is presented in the 'Man Com' worksheet in the annexes.

Maintenance Allowances

Calculation of maintenance allowances per dwelling before transitional Arrangements

41. There are seven steps in the calculation of maintenance allowances per dwelling before transitional arrangements.

Step 1: Calculate each authority's relative need to spend on responsive repairs for all archetypes

42. Each archetype's responsive repair base weight (see Table after Step 7 below) is multiplied by its relevant backlog factor and then rounded to an integer to give adjusted responsive repairs per dwelling.
43. Adjusted responsive repairs per dwelling for each archetype are multiplied by an authority's stock of that archetype and then summed across all archetypes. For each part of the maintenance calculations, stock excludes the authority's share of dwellings in shared ownership but includes:
- (i) the dwellings equivalent of bed-spaces in hostels and houses in multiple occupation; and
 - (ii) PFI dwellings.
44. This total of adjusted responsive repairs for each authority excludes any expenditure related to crime. To allow for expenditure related to crime, the total of adjusted responsive repairs for each authority is increased by multiplying by crime factor #1 to give an authority's final relative need to spend on adjusted responsive repairs.
45. Crime factor #1 is based on:
- criminal damage per 1,000 households - average rate for 2007-08, 2008-09 and 2009-10; and,
 - burglary per 1,000 households - average rate for 2007-08, 2008-09 and 2009-10.
- The weight given to criminal damage is twice that given to burglary.
46. Both criminal damage and burglary are expressed per 1,000 households rather than per 1,000 population. The former is a better indicator of the likelihood of a dwelling requiring maintenance expenditure because of actual or potential crime.
47. We have adopted a rolling average of three years' series in order to smooth changes from one year's Determination to the next.

48. The formula for Crime factor #1 is shown at row 45 of the 'Mnt Com' worksheet in the annexes. Its theoretical minimum value is 1.00. In practice its value for each authority is greater than 1.00, thus serving to increase its relative need to spend on responsive repairs. The greater is its weighted crime rate and the greater is the proportion of medium and high rise dwellings in its stock, then the greater is its Crime factor #1.

Step 2: Calculate each authority's relative need to spend on planned works for all archetypes

49. Each archetype's planned works base weight (see table after Step 7 below) is multiplied by an authority's stock of that archetype and then summed across all archetypes.

Step 3: Calculate each authority's relative need to spend on basic works for re-lets and terminations for all archetypes

50. Each archetype's base weight for basic works for re-lets and terminations (see Table after 7 below) is multiplied by an authority's stock of that archetype and then summed across all archetypes.
51. This total of basic works for re-lets and terminations for each authority is then multiplied by that authority's re-lets and terminations percentage. This percentage is a proxy for dwellings whose tenancy is either re-let or terminated during the year.
52. The re-lets and terminations percentage is calculated as (average of re-lets and terminations) / stock. The HRA maintenance costs to which the re-lets and terminations percentage is applied are costs associated with re-letting and terminations activities.

Step 4: Calculate each authority's relative need to spend on crime related works to voids for all archetypes

53. Each archetype's base weight for crime related works to voids (see Table after Step 7 below) is multiplied by an authority's stock of that archetype and then summed across all archetypes.
54. This total of crime related works to voids for each authority is then multiplied by that authority's 2009-2010 voids percentage. This has been approximated as:

(rent loss on void dwellings in the period 1 April 2009 to 31 March 2010)
(total value of rent roll in the period 1 April 2009 to 31 March 2010).

55. This measure of average voids percentage throughout the year is considered more relevant than an end year voids percentage.
56. There is then a further multiplication by crime factor #2, based on the same weighted crime series as for responsive repairs. This ensures that an

authority's relative need to spend on crime related works to voids reflects the relative incidence of crime in that authority.

57. Crime factor #2 (see row 134 in the 'Mnt Com' worksheet) ranges from zero for a hypothetical authority with no crime to 1.00 for the authority with the highest crime rate.

Step 5: Total relative need to spend, prior to consideration of geographical variation in the cost of maintenance activities

58. Step 5 is the sum of the relative needs to spend calculated in Steps 1 to 4.

Step 6: Total relative need to spend, after consideration of geographical variation in the cost of maintenance activities

59. The location adjustment factor for the BCIS All-in Tender Price Index is available by county. It is published quarterly by BCIS in *Surveys of Tender Prices*. The location adjustment factor for each county has been calculated as a three-year average from the May 2008, May 2009 and August 2010 issues of *Surveys of Tender Prices*. The UK value is 1.00.
60. Each authority's relative need to spend on maintenance from Step 5 is multiplied by the location adjustment factor for its county. The table in worksheet (BCIS-ACA) gives these factors.

Step 7: Adjust all Step 6 totals of relative need to spend so that their aggregate equals the amount of maintenance allowances made available by the Spending Review

61. Step 7 allowance before transitional arrangements =

Step 6 total x national scaling factor

where:

national scaling factor = Y / Z

Y = the sum over all authorities in the 2011-2012 HRA Subsidy Determination of (each authority's dwellings in the 2011-2012 HRA Subsidy Determination) x (its maintenance allowance per dwelling in the 2010-2011 HRA Subsidy Determination) x *uplift*

$uplift = (1 + real\ increase + re-basing + inflation)$

$real\ increase = 0.00$

$re-basing$ is 0.000

$inflation$ (OBR forecast of GDP deflator) is 0.025

Hence, *uplift* is, 0.025 that is a pro-rated cash increase of 2.5% per dwelling.

Z = the sum over all authorities in the 2011-2012 HRA Subsidy Determination of their Step 6 totals.

62. The national scaling factor is given in row 154 of the 'Mnt Com' worksheet.

See the '**Rebasing**' worksheet for the calculation of the re-basing percentage.

Maintenance: base weights per archetype per dwelling

Archetype	Base weights				
	Responsive repairs £	Backlog Factor	Planned repairs £	Basic works for re-lets and terminations £	Crime related works to voids £
Traditional dwellings					
Pre-1945 small terrace houses	168	1.14	1,014	1,545	530
Pre-1945 semi-detached houses	190	1.64	1,042	1,606	530
All other pre-1956 houses	214	1.15	1,255	1,655	530
1945-64 small terrace houses	155	1.16	917	1,545	530
1945-64 large terrace, semi-detached and detached houses	186	1.28	970	1,632	530
1965-1974 houses	141	1.21	968	1,621	530
Post 1974 houses	207	1.23	995	1,621	530

Non-traditional dwellings					
All houses	173	1.30	1,190	1,606	530

Traditional and non-traditional dwellings					
Pre-1945 low rise (1-2 storey) flats	82	1.44	692	1,127	530
Post 1944 low rise (1-2 storey) flats	89	1.44	1,002	1,125	530
Medium rise (3-5 storey) flats	111	1.72	1,386	1,186	530
High rise (6 or more storey) flats	84	1.72	1,296	1,414	530
Bungalows	135	1.71	898	1,078	530
Multi-occupied dwellings					
Pre 1945 multi-occ dwellings	82	1.44	692	1,127	530
Post 1944 multi-occ dwellings	89	1.44	1,002	1,125	530

Calculation of maintenance allowances per dwelling after transitional arrangements

63. Ministers have decided that an authority's 2011-2012 maintenance allowance per dwelling after transitional arrangements will be at least equal in cash terms to its 2010-2011 maintenance allowance per dwelling.
64. For some authorities the maintenance allowance per dwelling is greater after than before transitional arrangements. For other authorities, the reverse is the case. In aggregate the gains to the former authorities equal the losses to the latter authorities.
65. An authority's maintenance allowance for 2011-2012 will be the higher of:
- (a) 100% of its maintenance allowance for 2010-2011; and
 - (b) a certain % (given in row 187 of the 'Mnt Com' worksheet) of its maintenance allowance for 2011-2012 before transitional arrangements, as calculated at Step 7 above.
66. The maintenance allowance per dwelling for 2011-2012 after transitional arrangements for each authority is specified in schedule 5 to the HRA Subsidy Determination 2011-2012. The full calculation for any authority is presented in the 'Mnt Com' worksheet.

Major Repairs Allowance (paragraph 4.3 of the Determination)

67. The Major Repairs Allowance (MRA) represents the estimated long-term average amount of capital spending required to maintain a local authority's housing stock in its current condition.
68. The 2011-2012 MRA is based on a set of national average unit costs for each of 13 property types (or 'archetypes'). These are given in the 'MRA Com' worksheet.
69. These national unit costs were calculated by estimating the annual cost of replacing individual building elements (e.g. windows, kitchen, bathroom, roof) as they reach the end of their useful life. Data from the English House Condition Survey and the Valuation Office Agency were then used to establish, at the national level, the likely timings and costs of replacement of building elements for each archetype. These amounts were summed to estimate the total expenditure needed for each archetype to replace these building elements over the next 30 years. Finally, these totals were converted into annual average MRA costs per archetype.
70. The 2011-2012 MRA per dwelling for each authority is calculated as follows:
- (i) Multiply the number of dwellings at 1 April 2010 (including non-permanent dwellings, but excluding shared ownership dwellings and excluding PFI dwellings) in each of the 13 MRA archetypes by the national average MRA per dwelling appropriate to each archetype;
 - (ii) Summing across all archetypes, the resulting total is the *unadjusted MRA* for an authority;
 - (iii) An authority's MRA equals its *unadjusted MRA* times its *geographical cost factor* times the *geographical adjustment*;
 - (a) The *geographical cost factor* for an authority is the same three-year average BCIS measure as described above at maintenance Step 6. It is listed in the **'BCIS-ACA' worksheet**.
 - (b) The *geographical adjustment* is given in row 49 of the 'MRA Com' worksheet. It is the *sum over all authorities of their unadjusted MRAs* divided by the *sum over all authorities of their unadjusted MRAs times their geographical cost factors*. The *geographical adjustment* ensures that application of the geographical cost factors does **not** change the total spending on MRA. The *geographical adjustment* is less than one because the *geographical cost factor* is centred on UK = 1.00 and, on average, English HRAs have a *geographical cost factor* greater than one.
 - (iv) An authority's MRA is divided by its total number of relevant dwellings as at 1 April 2010 to produce its MRA per dwelling. This is shown in Schedule 6

of the 2011-2012 HRA Subsidy Determination. The full calculation for any authority is presented in *Annex F to the HRA Subsidy Determination*.

Charges for Capital (paragraph 5 of the Determination)

Subsidy Capital Financing Requirement

71. SCFR is calculated in the 'Debt Com' worksheet. The value of the HRA supported borrowing for the year of the determination (2011-2012) is not yet available. Allocations of new supported borrowing for Decent Homes funding in 2011-2012 are being determined following a process of consultation and bidding being managed by the Homes and Communities Agency. We are not able to include new capital allocations in the 2011-2012 subsidy determination. Special determinations will be issued to the relevant authorities as quickly as possible after new capital allocations are agreed. 2011-2012 supported borrowing figures have currently been entered as 0s.
72. Those Round 1 and Round 2 ALMO authorities that have previously received a separate ALMO Allowance should be aware that these are no longer allocated in that form and, instead, have been rolled into the SCFR. This amount has been calculated by dividing each Round 1 and Round 2 ALMO allowance from the 2010-2011 HRA Subsidy Determination by 8% and adding that number to the SCFR for 2011-2012.

Debt management expenses

73. For 2010-2011, the allowance was calculated on the basis of a fixed sum of £39,226 plus £473 for each £1 million of an authority's SCFR, where this was positive. For 2011-2012, the allowance has been calculated on the same basis, with the amounts in the formula up-rated to take account of inflation - a fixed sum of £39,457 plus £476 for each £1 million of SCFR where this is positive. The amounts at Schedule 9 have been calculated on this basis. Authorities with a negative or nil SCFR are assumed to be free of HRA debt and, therefore, have received no allowance in subsidy for debt management expenses.

Consolidated Rate of Interest – item H (paragraph 6.3.1 & 2 of the determination)

Adjustment A

74. In response to queries raised with the Department, we have concluded that for the purposes of calculating the CFR and CRI Adjustment A may not be less than nil.
75. Minimum Revenue Provision (MRP) regulations allowed for Adjustment A to be a negative amount. However, this works to authorities' disadvantage by

increasing their MRP liability. When introducing the new MRP regime in 2004, as part of the Prudential system, the Government's policy aim was that the move from the former MRP scheme should not itself increase any authority's MRP liability. The intended result of the calculations was to identify the amount (Adjustment A) by which the CFR at 31 March 2004 exceeded the credit ceiling for MRP purposes at the start of the new system. Reducing the CFR by Adjustment A provides a basis for calculating MRP which gives a result no higher than under the old system. We believe that a negative Adjustment A would result in an anomalous and disadvantageous result, and accordingly that where Adjustment A is negative it should be nil.

76. No other changes from the 2010-2011 HRA subsidy determination have been made for this part of the 2011-2012 HRA subsidy determination.

Other Items of Reckonable Expenditure (paragraph 6 of the Determination)

77. No changes have been made from the arrangements that applied in 2010-2011, and the definitions in Heads 1-6 in paragraph 6.1 of the Determination are unchanged. The specified amounts under these Heads (Schedules 13-18 to the Determination) are based upon data provided by authorities in form 11B2 (cells F001oe –F006oe).

Guideline Rents (paragraph 7 of the Determination)

Calculation of Formula Rent

78. There are no changes in the methodology for calculating formula rents.
79. The Table below gives weightings for the calculation of a dwelling's formula rent on the rent restructuring rules introduced following the three-year review of rent restructuring in 2004.

Calculate the formula rent at 2000-2001:

2000-2001 formula rent =

(70% x bedroom weight x national average rent in April 2000 x relative county manual earnings)+

(30% x national average rent in April 2000 x property value relative to national average property value in January 1999)

Bed weights	
1	0.90
2	1.00
3	1.10
4	1.20
5	1.30
6+	1.40
Bedsits	0.80
HMOs	1.00
National average property value, Jan 1999	
	£49,750
National average rent, April 2000	
	£54.62

Uplifts			
Uplifts to	infl (a)	real	Total
01-02	3.3%	1.0%	4.3%
02-03	1.7%	0.5%	2.2%
03-04	1.7%	0.5%	2.2%
04-05	2.8%	0.5%	3.3%
05-06	3.1%	0.5%	3.6%
06-07	2.7%	0.5%	3.2%
07-08	3.6%	0.5%	4.1%
08-09	3.9%	0.5%	4.4%
09-10	5.0%	0.5%	5.5%
10-11	-1.4%	0.5%	-0.9%
11-12	4.6%	0.5%	5.1%

(a) RPI All Items at September of previous year.

80. The worksheet 'Rent Com' shows the calculation of an authority's 2011-12 average formula rent using the rent restructuring rules:

- Rows 30 to 40 calculate the average LA bedroom weighting (Row 40).
- Rows 43 to 61 calculate relative county manual earnings (row 48) and relative property value (row 57).
- Lines 75 to 85 calculate the 2011-2012 formula rent per dwelling.

Calculation of Guideline Rent

81. Rows 136 shows the *2011-2012 pre-set annual Guideline Rent per dwelling*:

- Row 121 is the *pre-set 2001-2002 Guideline Rent per dwelling per week*.
- Row 121 to 134 calculate the *2011-2012 Guideline Rent per dwelling per week*.

Line 136 is the 2011-2012 pre-set weekly Guideline Rent per dwelling per week after Caps and Limits adjustment. Line 138 gives the annual equivalent. It is shown in Schedule 7 to the determination. The underlying data and calculations as set out above are also shown in the 'Rent Com' worksheet in the

Calculation of Average Limit Rent

83. Although not part of the Determination, rows 171 to 181 calculate the *2011-2012 pre-set Average Limit Rent per dwelling per week*. The methodology is the same as that used for Guideline Rent.

Interest On Receipts (paragraph 8 of the Determination)

84. Arrangements for 2011-2012 are the same as for 2010-2011 with the 52 week average of the 3 month LIBID rate during 2010-2011 used to calculate interest on capital resources for negative SCFR authorities. Because this interest rate will not be known until the end of 2011-2012, a forecast of

0.725% has been used in authorities' subsidy calculations for 2011-2012 entitlements.

85. Specified amounts for mortgage interest receipts are set out in Schedule 10 to the Determination, and the Interest on Receipts calculation for your authority is set out in the 'Debt Com' worksheet (subject, of course, to any change in the SCFR under paragraph 6.2 of the Determination, as a result of significant changes in stock levels).

Archived

Annex 1

Management allowances

Calculation of step 5 costs (deprivation add-on)

[A] = £85 x 10% of stock
plus
£85 x 90% of stock x *extent* for individual LA/maximum *extent* for all
LAs

