



# The Housing Revenue Account Subsidy Determination 2006-2007 Amending Determination 2006

The Secretary of State as respects all local housing authorities in England, in exercise of the powers conferred on her by sections 80 and 87 of the Local Government and Housing Act 1989, after consulting such representatives of local government and relevant professional bodies as appear to her to be appropriate, makes the following determination:-

## Citation and commencement

- 1.1 This determination may be cited as the Housing Revenue Account Subsidy Determination 2006-2007 Amending Determination 2006 and has effect for the year beginning 1 April 2006.

## Amendments to the Housing Revenue Account Subsidy Determination 2006-2007

- 2.1 The Housing Revenue Account Subsidy Determination 2006-2007 shall be amended as follows.
- 2.2 For paragraph 3.1 substitute the following paragraph:
  - “3.1 The amount of Housing Revenue Account subsidy payable to an authority for 2006-2007 shall be calculated as follows:

amount of subsidy = (allowance for  
management + allowance for maintenance +  
allowance for major repairs + ALMO allowance  
+ PFI allowance + Admissible allowance +

charges for capital + other items of reckonable expenditure + rental constraint allowance) - (rent + interest on receipts),

provided that where the calculation results in a negative figure, that amount of negative subsidy is payable by an authority to the Secretary of State.”

2.3 In paragraph 3.2:

(a) after the definition of “other items of reckonable expenditure” insert the definition:

“rental constraint allowance is calculated in accordance with paragraphs 7A.1 - 10.;

2.4 After paragraph 7 add:

#### **RENTAL CONSTRAINT ALLOWANCE**

“7A.1 The rental constraint allowance shall be calculated by applying the formula

$$(CC - DD) \times EE \times 0.98 \times 52$$

where –

CC is the unconstrained weekly average rent for dwellings calculated in accordance with paragraph 7A.2

DD is the unconstrained weekly average rent for dwellings calculated in accordance with paragraph 7A.5

EE is, subject to paragraph 7A.4 the number of dwellings, including the authority’s share of each shared ownership dwelling, assumed by the Secretary of State to be within the authority’s HRA on 1 April 2005, specified in column 1 of part I of Schedule 7.

7A.2 CC shall be calculated by applying the formula

$$FF \times 1.032 + ((GG - (FF \times 1.032)) \div 6)$$

where –

FF is the authority's weekly average actual rent per dwelling for 2005-2006 and shall be calculated in accordance with paragraph 7A.3

GG is the formula rent per dwelling for the authority for 2005-2006 specified in column 2 of part I of Schedule 7.

7A.3 FF shall be calculated by applying the formula

$$(HH \div JJ) \div 52$$

where HH is the total rent due to the authority in 2005-06 in respect of dwellings within its HRA

where JJ is the number of dwellings, including the authority's share of each shared ownership dwelling, within the authority's HRA throughout the period beginning on 1 April 2005 and ending on 31 March 2006, together with, where any such dwelling is within that HRA for only a proportion of that period, a proportion of that period, a proportion for any such dwelling calculated by dividing the number of days the dwelling is within the HRA by 365.

7A.4 Where the number of dwellings within the authority's HRA on 31 March 2007 is greater than or less than the number of dwellings assumed to be within the authority's HRA on 1 April 2005 specified in column 1 of part 1 of schedule 7 by more than 10 per cent or 3000 (whichever is less) -

EE is the number of dwellings including the authority's share of each shared ownership dwelling, within the authority's HRA throughout the period beginning on 1 April 2006 and ending on 31 March 2007, together with, where any such dwelling is within that HRA for only a proportion of that period, a proportion for any such dwelling calculated by dividing the number of days the dwelling is within the HRA by 365.

7A.5 DD shall be the lesser of DDa or DDb

where –

DDa is  $FF \times 1.05$

DDb is calculated in accordance with paragraph 9A.6

7A.6 DDb shall be calculated by applying the formula

$DDc \div KK$

where –

DDc is the sum of DDd for each individual dwelling within the authority's HRA on 1 April 2006, where DDd for each dwelling is calculated in accordance with paragraph 7A.7

KK is the number of dwellings within the authority's HRA on 1 April 2006 including the authority's share of each shared ownership dwelling

7A.7 DDd for each dwelling shall be the lower of MM and NN

where -

MM is calculated in accordance with the formula in paragraph 7A.8

NN is  $(FF \times 1.032) + (2 \times PP)$ ; where PP is the Authority's share of the ownership of the relevant dwelling.

7A.8 MM shall be calculated by applying the formula

$(FF \times 1.032) + ((QQ - (FF \times 1.032)) \div 6)$

where -

QQ is the lesser of RR and SS

where -

RR is calculated in accordance with paragraph 7A.9

SS is the rental figure appropriate to the dwelling from the rents specified in column 1 in Part II to Schedule 7

7A.9 RR shall be calculated by applying the formula

$$(0.7 \times (TT \times UU \times VV)) + (0.3 \times (UU \times WW)) \times 1.203167$$

where -

TT is bedroom weighting factor appropriate to the dwelling from the factors specified in column 1 of Part III to schedule 7.

UU is the national weekly average rent in April 2000 specified in column 3 of part I of Schedule 7.

VV is the relative county manual earnings for the authority specified in column 4 of part I of Schedule 7.

WW is the property value adjustment figure which shall be calculated in accordance with paragraph 7A.10.

7A.10 WW shall be calculated by applying the formula

$$XX \div YY$$

where -

XX is the valuation for the dwelling in January 1999 calculated in accordance with the methodology set out in paragraph 2.3 of the ODPM publication "*a guide to social rent reforms in the Local Authority Sector*" published in February 2003

YY is the national average dwelling value in January 1999 as specified in column 5 of part I of Schedule 7.

**ANNE KIRKHAM**

for and on behalf of the Secretary of State  
10 October 2006