Major Repairs Allowance

On 5th May 2006 the responsibilities of the Office of the Deputy Prime Minister (ODPM) transferred to the Department for Communities and Local Government.

Department for Communities and Local Government
Eland House
Bressenden Place
London SW1E 5DU
Telephone: 020 7944 4400
Website: www.communities.gov.uk

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Section 1: Introduction

1.1 On 15 December 1998, the Government published a consultation paper proposing **a new financial framework** for local authority housing based on a form of resource accounting[1]. Following consideration of the responses to consultation, the Government announced on 23 June 1999[2] that a new system would be introduced from 1 April 2001. This paper deals with one part of this system: the calculation of the Major Repairs Allowance (MRA).

1.2 In November 1999 a consultation document outlining the proposed methodology for calculating the MRA, together with detailed assumptions, was issued. The responses to the MRA consultation process were considered in April 2000 and changes to the methodology were agreed to incorporate these responses.

1.3 This paper summarises the final agreed methodology and presents MRAs for each archetype based on that methodology.

[1] A New Financial Framework for Local Authority Housing: Resource Accounting in the Housing Revenue Account - Consultation Paper. DETR, December 1998.

[2] DOE News Release 602, 22 June 1999

Section 2: Context

The Housing Revenue Account (The HRA)

2.1 The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to an authority's own housing stock. Under the **new financial framework,** the HRA will reflect on a consistent basis the resources used over the lifetime of authorities' housing assets rather than simply the cash spent on them each year. Instead of merely showing historic debt charges, the HRA will reflect both the cost of capital employed in an authority's housing assets and the cost of wear or deterioration of those assets.

2.2 The cost of capital will be calculated as a specified rate of return (6%) on the value of the authority's housing assets. Ministers announced in June 1999 following the initial consultation on the new financial framework that the basis of valuation for the capital charge will be Existing Use Value as Social Housing (EUV-SH). The Department has issued detailed guidance on carrying out valuations[3].

The Major Repairs Allowance (MRA)

2.3 Part of the new financial framework, with which this paper is concerned, is the new element of subsidy, the Major Repairs Allowance (MRA). The MRA represents the capital cost of keeping stock in its current condition. The CIPFA/LASAAC Joint Committee has accepted the MRA, based on the annual cost of replacing individual building components as they reach the end of their useful life, as a reasonable estimate measure of depreciation.

2.4 The MRA is part of authorities' overall housing resources, together with other elements of housing subsidy and capital allocations/Single Capital Pot. MRA resources can be used for any capital expenditure on HRA assets, but authorities are expected to use the MRA resources in line with the priorities set out in their HRA business plans and in a way consistent with the purposes for which the MRA is provided. For example, they could be spent on replacing a boiler and radiators because those in the dwelling are at the end of their useful life (i.e. replacing an element that is already present) or they could be used to install a central heating system for the first time (i.e. an improvement to the dwelling). **Annex A** provides further details.

2.5 Authorities have the flexibility to spend MRA resources outside the financial year in which they are allocated, enabling more efficient planning of works. The Department expects that authorities will be helped in assessing priorities by the requirement under the new financial framework to draw up business plans for their stock as a tool for assessing alternative strategies and options; guidance on business planning has also been issued[4].

2.5 The resources for the MRA have come from a transfer from housing credit approvals. Credit approvals will, however, continue to be provided for use alongside authorities' own resources (e.g. capital receipts, revenue contributions) to finance work on the renovation and improvement backlog and other elements of authorities' housing capital programmes. The 2000 Spending Review determined that in 2001/2 £1.6bn would be transferred from Credit

Approvals to HRA subsidy to finance the MRA (an average of about £560 per dwelling).

2.6 Because of this change in funding arrangements, the Local Authority Stock Condition Indicator (LASCI) included in the Generalised Needs Index (GNI) used in allocating credit approvals to support authorities' housing capital programme was revised for 2001/02. Following the introduction of the MRA, it reflects only relative need for work to reduce the backlog and to improve and upgrade the stock. Its overall weight within the GNI has also been reduced.

[3] A New Financial Framework for Local Authority Housing: Guidance on Stock Valuation for Resource Accounting - DETR, 12 July 2000

[4] A New Financial Framework for Local Authority Housing: Guidance on Business Plans - DETR, June 2000.

Section 3: Calculation of the MRA: overview

3.1 The MRA reflects the cost of keeping stock in its current condition, i.e. the expenditure required to fund 'newly arising needs'. The MRA is calculated by estimating the annual cost of replacing individual building elements as they reach the end of their useful life. It is calculated by:

a) establishing at the national level, likely timings and costs of replacement of building elements for 13 building archetypes[5];

b) summing the anticipated required capital expenditure over the next 30 years to replace these building elements for each archetype and converting this into an annual average amount;

c) calculating each authority's MRA by multiplying the national average archetype cost by the number of eligible dwellings of that archetype in the authority's stock and applying a regional cost compensation factor.

3.2 Local authorities should already collect all necessary information about newly arising needs as part of their local stock surveys. They should already be estimating future expenditure requirements for their planning of programmed works and formulation of business plans. However, expenditure is not estimated consistently between local authorities: this is because their stock condition surveys are not all carried out at the same time nor are they based on the same methodologies and assumptions. It is for this reason that the Department decided not to base MRAs on locally collected estimates of the need to spend on the stock.

3.3 Instead, the MRA is calculated on the basis of information from the English House Condition Survey. The EHCS is a national survey which collects detailed and consistent information on the condition and age of individual dwelling elements in all tenures, by way of physical inspections of dwellings by building surveyors. The EHCS is currently used in the construction of the stock condition indicators within the Generalised Needs Index and Housing Needs Index.

3.4 The EHCS is not large enough to be able to predict directly expenditure requirements for each local authority robustly and accurately. Instead, the EHCS is used to estimate the **national average** expenditure required on newly arising need for dwellings of 13 different types (the "national average MRAs").

3.5 MRA allocations for each authority are derived by applying the national average MRAs to the number of eligible dwellings of each type owned by an authority. This means that stock information is the only information required from authorities in order to calculate their MRA: this is submitted by authorities through the HRA Subsidy Base Data Return each year. Regional differentials in the costs of renovation work are applied, in the same way as currently within the GNI, based on data from the Building Cost Index Price Indices for Public Sector Housing.

3.6 By calculating separate national average MRA weights for different dwelling types within the local authority sector, the methodology recognises that all dwellings within the LA stock are not currently in the same condition and do not have the same requirements for expenditure to

meet the costs of newly arising needs. Dwellings of different construction types, age and size have different expenditure requirements.

3.7 Information on elemental lifetimes and replacement costs for each of the archetypes was provided by the Valuation Office, following consultations with a group of building professionals, including representatives from Local Authorities. The assumptions behind these formed part of the consultation in November 1999.

3.8 For 2001-02 the MRA is payable on all dwellings, excluding any non-permanent dwellings and those in shared ownership. Dwellings covered by a PFI project, for which a PFI credit has been received, will not be eligible for the MRA, to avoid double subsidy (special determinations will be made as and when such dwellings become subject to PFI arrangements to ensure that the dwellings no longer attract the MRA). Non-housing assets (e.g. shops) are not eligible for the MRA. Garages are also excluded from the MRA, due to the information burden that might otherwise be placed on authorities.

3.9 The Department currently presets nearly all of the housing element before the financial year, with subsidy entitlement being varied subsequently only to take into account changes in interest rates, and large changes in the number of dwellings held by an authority (the 'threshold' arrangements). The MRA is also pre-set, but subject to the threshold arrangements.

[5] For 2001/2 allocations 11 archetypes have been used. This is explained in Section 7.

Section 4: Calculating the MRA: Detailed methodology

Estimating newly arising need

4.1 Expenditure required on newly arising need is not the same each year. In order to keep the MRA much more constant over time, the model used to calculate the MRA estimates newly arising need for each of 13 dwelling types in 5 year bands up to year 30, discounts the expenditure to present values and annuitises this expenditure.

4.2 The MRA model uses the English House Condition Survey (EHCS) surveyors' assessments of the current age of each individual dwelling's elements (e.g. kitchens, roof covering) and compares this with the assumed lifetime of the element (its "standard" lifetime). This comparison predicts if and when during the 30 year period an element will need replacing (i.e. when it becomes a 'newly arising need'). The age of an element cannot be estimated exactly to the nearest year: therefore expenditure required has been predicted in five-year bands.

Removing Backlog

4.3 The MRA covers the expenditure required on newly arising needs. Therefore, the MRA model separates out renovation backlog (overdue works) from the newly arising need and estimates the cost of the latter. In order for authorities to deal with the existing backlog of work and to upgrade their stock credit approvals/Single Capital Pot resources will continue to be allocated for use alongside the authorities' own resources (e.g. capital receipts, revenue contributions). Elements identified as being older than their expected elemental lifetime are classified as backlog and are removed from the MRA calculation.

Replacement Profiles

4.4 The remaining life of non-backlog elements is then calculated by comparing current age of the element with the standard life. By mapping out the replacement dates for all building elements, a 30 year forward replacement profile is produced. When this is combined with elemental replacement costs, a 30-year forward expenditure profile is produced.

Annuitising Replacement Profiles

4.5 The 30-year expenditure profile is then annuitised to give a constant cash figure which, when paid annually for 30 years, provides the same present value as that of the initial expenditure profile. Annuitisation is used to smooth out the expenditure profile, which may vary considerably from year to year, so giving authorities a more constant and flexible resource for carrying out major repairs.

4.6 The steps to calculate the annuity are:

a) the present value of the expenditure profile over 30 years is obtained by discounting the stream of costs in the profile using the standard 6% real discount rate;

b) the present value of the expenditure profile is then converted into a constant annual cash figure (or 'annuity') using standard tables or a spreadsheet. When discounted over 30 years using the same 6% discount rate, the annuity has the same present value as that of the expenditure profile. Thus the annuity provides the same level of resources as the initial expenditure profile.

4.7 The above steps are used to calculate the national average MRA for each dwelling type which is the annuitised expenditure required to replace all remaining elements when they reach the standard life.

4.8 The MRA for an authority is then calculated by multiplying the national average MRAs for each archetype, by the number of that archetype in the authority's stock. Adjustments to account for different costs of renovation work in different regions are applied.

Section 5: Calculation of the MRA: Assumptions

The Dwelling Types

The 13 Archetypes

5.1 A local authority's MRA allocation will in future be calculated by applying the national average MRA for each of 13 dwelling types[6] to the numbers of eligible dwellings of each type owned by the authority. This section explains how the local authority owned stock is to be split into 13 archetypes.

5.2 The 13 dwelling archetypes are:

Traditional[7]

i) Pre-1945 small terrace houses[8] (small: less than 70 square metres)

ii) Pre-1945 semi-detached houses

iii) All other pre-1945 houses

iv) 1945-64 small terrace houses (small: less than 70 square metres)

v) 1945-64 large terrace/semi-detached/detached houses (large: 70 square metres or more)

vi) 1965-74 houses

vii) Post-1974 houses

Non-traditional

viii) All houses

Traditional and non-traditional

ix) Pre-1945 low rise (1-2 storeys) flat[9]

x) Post 1945 low rise (1-2 storeys) flats

xi) Medium rise (3-5 storeys) flats

xii) High rise (6 or more storeys) flats

xiii) Bungalows

5.3 These dwelling types were chosen on the basis that they require different levels of

expenditure on renovations backlog and newly arising needs.

5.4 The 13 dwelling types were developed to differentiate between:

a) Different construction types: traditional (masonry or timber structure) and non traditional (concrete or metal structured dwellings);

b) Different dwelling types - houses, bungalows, low rise, medium rise and high rise flats;

c) Different construction ages;

d) For houses, different types and sizes of dwellings;

for the reasons outlined in the following section.

Different construction types

5.5 It is necessary to differentiate between dwellings with traditional and non-traditional constructions because they are made up of different materials for some elements and therefore have different expenditure requirements.

5.6 In this context, traditional dwellings are those whose load-bearing structural members (walls, floors and roof structure) are wholly or predominantly masonry or timber. This would include all timber-framed buildings (regardless of the type of cladding), block and brick cavity wall construction and solid brick/block/stone construction.

5.7 Non-traditional properties are those where load-bearing structural members are wholly or predominantly concrete or metal, including many 'system' and high-rise buildings.

5.8 The presence of concrete flat roofs and/or concrete floors couples with load-bearing masonry walls should be considered 'hybrid' traditional construction, and classified as 'traditional'. Care needs to be taken to ensure that the masonry walls are load bearing and are not concealing concrete or metal load-bearing columns and beams.

Different dwelling types

5.9 Dwellings are split into the following types: houses (terrace, semi-detached), bungalows, low rise flats (1-2 storeys), medium rise flats (3-5 storeys) and high rise flats (6+ storeys). It is appropriate to split the local authority owned stock into these different dwelling types for two reasons:

a) The different dwelling types are made up of different building elements: for example, flats have common areas and shared facilities; medium and high rise flats are likely to have lifts; high rise flats invariably have flat roofs.

b) Different dwelling types inherently have different size/numbers of the same element. For example, the wall surface area of a semi-detached house will generally be greater than a

terraced house. They are also likely to have more windows. The roof area of a house is much greater than the roof area of a flat.

Different construction ages

5.10 It is important to make this distinction for three reasons:

a) for dwellings of the same type e.g. terrace, dwelling size will vary depending on when the dwelling was constructed;

b) the range of elements present in a dwelling is related to year of construction;

c) dwellings of different ages will have elements of different ages and hence very different replacement profiles.

Size of dwelling.

5.11 The classification parameters of dwelling type and dwelling age imply dwellings of different size. However, within some type/age bands dwellings can still vary significantly in size. This impacts on the replacement cost of the elements of the building. The dwelling types that have the greatest size differentiation are terraced and semi-detached houses. Therefore, for some age type categories there has been a further differentiation by dwelling size.

5.12 The size classification for MRA purposes is based on floor area of the dwellings. Dwelling types used in maintenance allowances currently use the number of bedrooms. However, floor area is considered to be more appropriate for the MRA in the longer term because the size of individual elements (e.g. number of windows, size of kitchen) is more closely related to the actual area of the dwelling than any other measure of dwelling size such as the number of bedrooms. Small houses are defined as those with a floor area of 70 square metres or less, medium / large houses are those with a floor area of 70 square metres or more[10].

The Building Elements

5.13 The building elements included in the model are:

i) Wall structure and finish

ii) Roof structure and covering including where appropriate bay roofs

iii) Balconies

iv) Gutters and downpipes

v) Windows

vi) External doors

vii) Chimneys

viii) Kitchens

ix) Bathrooms

x) Electrics

xi) Heating

xii) Plumbing

xiii) Internal fabrics

xiv) Mains services

xv) Common parts

xvi) External plot and estate works[11]

xvii) Lifts

xviii) Door entry systems

xix) CCTV

xx) Communal Areas[12]

5.14 It is assumed that at the end of their standard life, these elements will be replaced with a similar element to a reasonable modern standard. Improvements and upgrades are specifically excluded from the calculation of the MRA although, as noted earlier, the resources are not ring-fenced for renovation work and may be used for improvements/upgrades where this work has been identified as a local priority in the Business Plan. Improvements might constitute installing an element for the first time (e.g. central heating) or bringing forward a replacement prior to it becoming life-expired.

Standard lifetimes for elements

5.15 A key assumption in the model is the lifetimes assumed for each dwelling element ("standard" lifetimes) because elements are assumed to require replacement or major repair when they reach the end of their standard life. The standard lifetimes for each element are based on the age at which most elements fail, according to a consensus of judgements from the building professionals consulted in the development of this model and consultation (see **Annex B**).

Element replacement costs

5.16 Average national elemental replacement costs were developed by the Valuation Office, in consultation with building professionals including some local authority representatives. The elemental costs are designed to reflect realistic costs of local authorities completing the work, including additional costs, for example, scaffolding and administrative costs. It is also important that the elemental costs assumed reflect real differences between the dwelling types for e.g. size differences.

5.17 The costs have assumed that elements that have the same lifetime will be replaced under the same contract and an average contract size of £500,000. The size of the contract reflects the fact that the model calculates MRA expenditure over the next 30 years. Therefore, costs do not necessarily reflect current practice - it is expected that larger contracts will be possible using the greater flexibility provided by the MRA. The costs are based on the assumption that the majority of work will be undertaken while the tenants are in occupation.

5.18 The costs of renovation will differ across the country and the MRA allocations to authorities take account of such differences by applying cost factors at regional level. These are the same factors as are used in the allocation of housing capital resources.

[6] For 2001/2 allocations 11 archetypes have been used - See section 7

[7] Traditional dwellings are defined as those which have wholly or predominantly masonry or timber structures.

[8] For MRA purposes, the term 'houses' excludes bungalows, which form a separate archetype.

[9] Maisonettes, bedsits and hostels are all included within the low-rise flat archetypes. Bedsits and hostels are converted to dwelling equivalents on the same basis as for other HRA purposes.

[10] The 'proxy' 11 archetypes used in the 2001/2 allocations are based on the number of bedrooms because at present not all authorities collect information on floor area.

[11] Estate works include communal paths and car parking facilities for houses and flats and drying areas for houses only. Plot works include repointing dwarf wall at front, replacing post and wire fence, replacing paths with standard steps and replacing flat roof, new door, small window and pointing to outbuildings.

[12] Communal areas include drying rooms, tenant stores, paladin stores, drying area, TV reception, warden office, community room, bin stores and laundry.

Section 6: Calculation of the MRA: Adaptations for local circumstances

6.1 The MRA for an authority is calculated by applying national estimates of the need to spend on newly arising needs for different archetypes to stocks owned by the authority, multiplied by the relevant regional cost factor. When the MRA methodology was being developed, we considered whether the assumptions should be adapted to reflect different circumstances in different areas. For example, whether local authorities with high scores on the deprivation index have different expenditure requirements for newly arising needs than those with low scores on the deprivation index; metropolitan vs. non-metropolitan; coastal vs. non-coastal. Some respondents to consultation suggested that investment required on newly arising needs might differ between these areas.

6.2 Subsequent analysis comparing both metropolitan vs. non-metropolitan and "highly deprived" authorities with "less deprived" authorities provided no evidence that elemental lifetimes were different, to such an extent that they would influence programmed replacements. This suggests that the separation into 13 archetypes adequately reflects the different levels of investment on newly arising need.

Section 7: 2001/2 archetypes

7.1 The MRA allocations for 2001/2 were calculated using the methodology outlined above except that they are based on a different set of 11 archetypes. This was considered necessary as not all authorities were able to supply information about the number of dwellings categorised by the 13 archetypes.

7.2 The 11 archetypes used during 2001/2 allocations are in the main compiled from archetypes upon which authorities already report stock data to the Department. However, two new requirements have been introduced; firstly the split between traditional and non-traditional construction types and secondly the split between 1965-74 and post-1974 houses. The 11 archetypes have shown to be reasonable proxies for the 13 archetypes due to their read-across to the 13 final archetypes.

7.3 The 11 archetypes used for 2001/2 are:

Traditional

i) Small pre-1945 houses/bungalows (small: 1 or 2 bedrooms)

ii) Large pre-1945 houses/bungalows (large: 3 or more bedrooms)

iii) Small 1945-64 houses/bungalows

iv) Large 1945-64 houses/bungalows

v) 1965-74 houses/bungalows

vi) Post-1974 houses/bungalows

Non-traditional

vii) Houses

Traditional and non-traditional

viii) Pre-1945 low rise (1-2 storeys) flats

ix) Post 1945 low rise (1-2 storeys) flats

x) Medium rise (3-5 storeys) flats

xi) High rise (6 or more storeys) flats

7.4 The 11 proxy archetypes are mostly the same as the preferred 13 archetypes. Those that are differ are related to house size and type.

a) The preferred archetypes differentiate between terraced and semi detached houses. The

proxy archetypes do not.

b) The preferred archetypes differentiate between houses and bungalows. The proxy archetypes do not.

c) The preferred archetypes differentiate houses by size according to floor area. The proxies differentiate according to the number of bedrooms.

7.5 It is not considered appropriate to use the 11 proxy archetypes in the longer term. The cost of replacing building elements is dependent upon the size of the dwelling and not the number of rooms it has. We will move to using the 13 archetypes as soon as it is feasible to do so (probably in 2003).

Section 8: Calculating 2001/2 MRAs

8.1 The 2001/2 MRA allocations were calculated using the same methodology outlined in Section 3.1 but using the 11 archetypes described above. The examples below show how the MRAs were calculated.

8.2 Once the likely timings and costs of replacing building elements in the 11 archetypes were calculated at the national level, the anticipated expenditure over the next 30 years was converted into an annual average amount. The national annual average MRAs for each of the 11 archetypes are attached at Annex B.

8.3 The national average MRAs were multiplied by the number of eligible dwellings of that archetype for each local authority and a regional cost compensation factor was applied. Two examples are given below

8.4 **Example 1** - An authority in the North East region has 1,000 eligible traditional small pre-1945 houses/bungalows. Their MRA allocation for this archetype for 2001/2 is therefore:

393	X	1000	X	0.901	=	£337 thousand
(The national average MRA for traditional small Pre-1945 houses)		(The number of eligible traditional small Pre-1945 houses in the Local Authority)		(The regional cost compensation factor for the North East)		

8.5 *Example 2* - An authority in the London region has 2,000 eligible medium rise flats. Their MRA allocation for this archetype for 2001/2 is therefore:

629	X	2000	X	1.203	=	£1441 thousand
(The national annual average MRA for medium rise flats)		(The number of eligible medium rise flats in the Local Authority)		(The regional cost compensation factor for London		

Section 9: Updating the MRA

9.1 A full update of the MRA for each authority would require the following to be updated:

a) stock data;

b) regional cost variations;

c) average cost of doing work; and

d) age and condition of national stock and elements across archetypes.

9.2 Stock data will be updated routinely from base data returns. In due course it will be necessary to collect stock data by floor area rather than bedroom size.

9.3 Regional cost variations will be updated annually using the relevant price index.

9.4 As far as average cost of undertaking work and age and condition of national stock and elements across archetypes are concerned, we propose that the average cost per archetype will be uprated each year between 2001-2 and 2003-4 by the prospective rise in the GDP deflator. This is to be used in preference to changes in building prices, to reduce volatility between years. The MRA is a measure of long-term need and building costs, whilst volatile in the short run, tend to keep pace with general inflation over the longer term.

Apart from allowing for general inflation, the underlying costs per archetype will not be revised annually. They are based mainly on data from the EHCS. The EHCS is currently a quinquennial survey which was last conducted in 1996. The national average MRA for the 13 dwelling types are based on the 1996 EHCS. We propose to update the national average MRA when results from the 2001 survey become available.

Annex A: The MRA - some common queries

A number of authorities have asked about the use to which MRA resources can be put. The most commonly asked questions, and DETR's views on these, are set out below. For these purposes, the transitional and interim arrangements for overall negative subsidy authorities are ignored.

(1) What can the MRA be used for?

MRA funds held in the Major Repairs reserve can be used for capital expenditure on HRA assets only. And they may be used on property other than dwellings (such as garages, shops, offices), held within the HRA. There are no other restrictions, but DETR would expect authorities normally to give priority in their business plans to using MRA resources in line with the purposes for which the MRA has been calculated.

(2) But can the MRA be used for improvement and backlog work to HRA stock?

Yes. The basis on which the MRA is calculated and the uses to which it can be put are two different things. Calculation of the MRA does not take account of improvement or backlog work, which are assumed to be financed by authorities' own resources (such as revenue contributions and useable capital receipts) and borrowing approvals. But once the MRA has been transferred to the Major Repairs Reserve, it becomes part of the authority's capital resources, and statutorily may be used to meet any HRA capital expenditure. However, use of the MRA for purposes other than those for which it was calculated will normally be appropriate only where that has priority within your authority's business plan, and that is consistent with maintaining the current condition of your stock and meeting the decent homes target. Authorities can carry over unspent funds from one financial year to another and the HRA will earn interest on such reserves.

(3) What sort of work can be funded by the MRA?

Some examples of works that DETR considers may be funded are:

(i) reroofing of buildings, structural works to the fabric of buildings (underpinning, rebuilding), including repointing and major refurbishment

(ii) installation or replacement of central heating, fire alarm systems, double glazing, door entry systems

(iii) refitting new kitchens and bathrooms

(iv) major overhaul or replacement of lifts

(v) rewiring, wholesale replacement of plumbing.

(4) Can MRA funds be used for HRA assets not covered by the MRA?

Yes. While the MRA is calculated only in respect of council dwellings (with certain exceptions, e.g. shared ownership), MRA funds can be used for capital expenditure on any HRA assets. DETR would, however, expect use of the MRA to be in line with the authority's business plans, taking account of the need to maintain the condition of council dwellings.

(5) Can the MRA be used for new build?

The regulations do not specifically prevent this. However, MRA resources are being provided primarily to meet the costs of maintaining the existing stock and authorities' business plans will need to show the extent to which this is being done. It might, in certain circumstances, be appropriate for MRA funds to be used for new build if, for example, business plans show that it makes sense to demolish and replace existing buildings.

(6) Can the MRA be used within the HRA to help balance the account, keep down rents etc?

No. MRA funds can only be used for HRA capital purposes.

(7) Can the MRA be used to support private sector renewal or local authority social housing grant (LASHG)?

No. MRA funds can only be used for HRA capital purposes.

(8) Can the MRA be used for day-to-day maintenance and repairs?

No. It can only be used for HRA capital purposes. The M & M allowance will continue to be provided for day-to-day maintenance and repairs.

(9) Will the MRA be available for dwellings which are included in PFI schemes?

Not if they are to be maintained as part of a PFI scheme for which PFI credits have been issued. This is to avoid double subsidy being paid on the same costs.

Annex B: Elemental Standard Lifetimes

	All houses and Bungalows	All Low and Medium Rise Flats	High Rise Flats
Wall Structure-underpinning, chemical DPC, rebuild wall	80	80	30
Wall Structure-lintels	60	60	60
Wall Structure-spalling bricks	30	30	N/A
Wall Finish	60	60	30
Roof Structure	50	30	30
Roof Finish	50	30	30
Chimneys	50	50	N/A
Gutters, downpipes	25	30	N/A
Windows	40	30	30
Bay Roof	25	N/A	N/A
External Doors	40	30	30
Kitchens	30	30	30
Bathrooms	40	40	40
Plumbing	40	40	40
Heating-central boiler system	15	15	N/A
Heating-central heating distribution	40	40	N/A
Heating-storage	N/A	N/A	30
Electrical Systems	30	30	30
External Plot Works	30	N/A	N/A
External Estate Works	40	30	20
Mains services-electrics	50	40	30
Mains services-gas	40	40	N/A
Mains services-water	60	40	40
Balconies	N/A	30	30
Common Parts	N/A	20	20
Door Entry System	N/A	10	10
Lifts	N/A	30	30
Fire Alarms and Smoke Detectors	N/A	20	20
CCTV	N/A	10	10
Communal Areas-TV reception	N/A	10	10
Communal Areas-Other	N/A	30	30

Annex C: 2001/2 National Annual Average MRAs for each Archetype

Dwelling	National average annual MRA
Traditional small[13] pre-1945 houses/bungalows	393
Traditional large[14] pre-1945 houses/bungalows	409
Traditional small 1945-64 houses/bungalows	584
Traditional large 1945-64 houses/bungalows	596
Traditional 1965-74 houses/bungalows	579
Traditional post-1974 houses bungalows	324
Non-traditional houses	540
Pre-1945 low rise flats	395
Post-1944 low rise flats	621
Medium rise flats	629
High rise flats	774
All stock	560

[13] Small – 1 or 2 bedrooms

[14] Large – 3 or more bedrooms