

# HOUSING CORPORATION CIRCULAR



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*Note: 'housing association' is used as a generic term for registered social landlords.  
'Corporation' means Housing Corporation.*

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**TITLE:** Total Cost Indicators, discount amounts and administration allowances for 2004/2005

**SUMMARY:** Advises registered social landlords of the Total Cost Indicators, discount amounts and administration allowances that will apply from 1 April 2004. This circular will, from 1 April 2004, replace circular F2-11/02.

## **THIS CIRCULAR IS FOR THE ATTENTION OF:**

Registered Social Landlords; more than 250 properties  
Registered Social Landlords; less than 250 properties  
Local Authorities  
Registered Social Landlords' Auditors

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### **1 Legislation, Regulation and Policy Requirements**

n/a

### **2 Definitions**

- TCIs are the Housing Corporation's estimate of the norm total cost of providing different types of housing in different parts of the country
- The TCI system is the Housing Corporation's benchmark for assessing the value for money of estimated scheme costs at the point at which grant is formally confirmed.

### **3 Corporation Expectations**

Introduction

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The Total Cost Indicators, discount amounts and administration allowances that will apply to registered social landlord (RSL) schemes sponsored by the Housing Corporation and receiving grant confirmation on or after 1 April 2004 have now been determined. The grant rate calculator calculates grant rates for individual schemes. Details of and guidance on Total Cost Indicators, grant rate calculator and administration allowances for 2004/2005 and 2005/2006, effective from 1 April 2004, are available on the Corporation's website.

<http://www.housingcorplibrary.org.uk/housingcorp.nsf/Programmes/A4>

### Total Cost Indicators (TCIs)

TCIs are the Housing Corporation's estimate of the norm total cost of providing different types of housing in different parts of the country.

The TCI system is the Housing Corporation's benchmark for assessing the value for money of estimated scheme costs at the point at which grant is formally confirmed.

The Corporation's discretion to approve schemes continues to be limited to 110% TCI.

The changes from the 2003/2004 TCIs are set out below:

- The TCI framework outlined in the TCI guidance notes and the accompanying TCI tables will form the basis of assessment for both 2004/2005 and 2005/2006. No intermediate adjustments are planned;
- The 2003/2004 TCI table levels have been retained as the basis for future adjustments. Cost groupings will remain unchanged and TCI base tables, key and supplementary multipliers and key and supplementary on-costs are published at unchanged levels. However, specific uplifts of between +5% and +15% apply to the TCI base tables for each individual local authority.
- The categories of Homebuy have been expanded. Value limits no longer apply to Homebuy categories.
- Administrative allowances and expenses remain unchanged and are now fixed at the levels set for 2003/2004.

### Grant rate calculator

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The grant rates, as determined by the new grant rate calculator, represent for each type of scheme in each area the maximum percentage of total qualifying scheme costs that may be funded with public capital subsidy. The grant rate calculator is available on the Corporation's website.

The grant rate calculator has been adapted this year to enable both social rent and intermediate rent grant rate calculations using one and the same model. The differences between the calculations is explained in the Guide to the Allocation Process available on the Corporation website.

LCHO, Homebuy, VPG and RTA

For LCHO grant rates see the grant rate calculator on the Corporation's website.

The composition of the VPG/RTA cost groupings remains as 2003/04. The number of cost groups remains as six.

Discount amounts for the Voluntary Purchase Grant (VPG) and Right to Acquire (RTA) schemes remain unchanged.

The categories of Homebuy have been expanded. Value limits no longer apply to Homebuy categories.

Administration allowances

These allowances remain the same as for 2003/2004 and are available on the Corporation's website.

Limit on the management element of the service charge in leasehold schemes for the elderly (LSE).

The limit for 2004/2005 and beyond will be announced in due course.

Further Information



## **HOUSING CORPORATION CIRCULAR**

The Housing Corporation publishes details of the methodology and data sources for TCI reviews and grant rate modelling. The methodology applicable for 2003/2004 is available on the Corporation's website.

The details will be amended shortly to take account of the change in approach adopted for 2004/2005 and 2005/2006.

### **4 Assessing Compliance**

The application of the guidance associated with this circular and the information provided by housing associations will be subject to audit by the Housing Corporation.

### **5 Enquiries about this circular should be directed to:**

The appropriate office of the Housing Corporation.