

Agenda Item No 14

Resources Board

26 January 2015

**Report of the
Deputy Chief Executive**

**Housing Revenue Account
Estimates 2015/16 and
Rent Review**

1 Summary

- 1.1 The report covers the revised budget for 2014/15 and an estimate of expenditure for 2015/16, together with forward commitments for 2016/17, 2017/18 and 2018/19.

Recommendation to the Board

- a To accept the revised estimate for 2014/15;
- b That rent increases, calculated on the basis that the Council will apply the government increase of CPI plus 1% equating to an increase of 2.2% be adopted;
- c To approve the proposed fees and charges for 2015/16 as set out in Appendix D;
- d To approve the service charges for the cleaning of communal areas, as detailed in Appendix E, from April 2015;
- e To approve the service charges for window cleaning, as detailed in Appendix F, from April 2015; and
- f To accept the Estimates of Expenditure for 2015/16, as submitted.

2 Consultation

- 2.1 The Chairman, Vice Chairman and Opposition Spokesperson for Resources and Housing Sub-Committee have been sent an advanced copy of this report for comment. Any comments received will be reported verbally at the meeting.

3 Introduction

- 3.1 In consultation with other Assistant Directors, the Assistant Director (Finance and Human Resources) has prepared an estimate of net expenditure for 2015/16 and this, together with a revised budget for 2014/15, appears in

Appendix A. To provide a more complete picture of the spending pattern of the service, the actual figures for 2013/14 are shown.

4 Comments on the 2014/15 Revised Budget

4.1 The revised budget for 2014/15 shows an expected surplus of £363,970; which is £22,510 lower than the approved budget surplus of £386,480. The main variations are given below.

4.2 Repairs Fund £40,430

4.2.1 Departmental support costs have increased as some housing maintenance salaries previously charged to Housing Direct Works and Capital are now charged to Repairs. The increase has been partially offset by a decrease in central support costs due to a reallocation of Customer Contact and Financial Services of £6,860.

4.3 Management Services £103,230

4.3.1 The major change is shown in General Administration and relates to the lump sum pension payment of £42,470 now included here, a recharge of £10,460 from the Chief Executive and an increase in the Democratic Process recharge of £23,560 reflecting current governance arrangements. The lump sum pension payment is matched by pension reductions within other Housing Revenue Account budgets.

4.3.2 In addition Rent Collection and Arrears costs have increased. This is to pay for the cover provided by the Revenues and Benefits team for the Rent Accounting System of £28,390.

4.3.3 Flats and Community Centres budgets have reduced to reflect changes in salary allocations from Housing Management, Financial Services and Information Technology. These reductions have been partially offset by increased cleaning and vehicle maintenance costs. There has also been a reduction in the Supporting People income received from Warwickshire County Council.

4.4 Contributions to Capital (£163,180)

4.4.1 Since the Housing Revenue Account became self financing the Government allows the authority to retain some of the capital receipts from the sale of additional Council Houses. The Allowable Debt from Receipts has to be used to fund new replacement Council Housing. This has been partially offset by an increase in the capital programme to cover the cost of vehicle replacements.

4.5 Gross Rents £52,540

4.5.1 There has been a reduction in rental income due to a higher levels of void properties during the year, a higher than expected level of council house sales and a later start in rental income from new build properties in Atherstone.

5 Rent Setting

5.1 The CLG have changed government rent setting policy and are now recommending that all rents are increased by CPI plus 1% per annum. Adherence to the revised policy will mean that properties will no longer reach their target rents. The Government's suggested way for local councils to achieve target rents is to increase the rent of each property to its target rent when the property becomes vacant.

5.2 The figures included in this report are based on the changes recommended by the CLG. This gives an average rent increase of £2.13 per week (2.2%), although individual rent changes will vary from increases of £1.65 to £2.71 per week in 2015/16.

5.3 The impact of the new rent policy will be investigated further and the potential options and implications for the 30 year Business Plan will be brought to a future board meeting.

6 Comments on the 2015/16 Estimates

6.1 The Housing Revenue Account has been prepared, taking into account the following assumptions:

- A 2.2% pay award from 1st January 2015, with non consolidated payments to be made in December 2014 and April 2015;
- Increases in the Council's pension contribution rate of 0.75% per annum up to 2018/19;
- To adopt the government policy of CPI plus 1% only to all rents;
- A general inflationary increase of 2% has only been given in alternate years within supplies and service budgets, in order to encourage efficiencies in procurement, except for the Repairs Fund which has been given a 2.5% increase each year.

6.2 The estimated balance on the Housing Revenue account at 1 April 2015 is £1,754,554, which is higher than the £1,632,745 anticipated in the original estimates. Looking in greater detail at the coming year, the budget for 2015/16 shows an expected surplus of £40,690. The main variations are explained below:

6.3 Repairs Fund (£72,310)

6.3.1 The contribution to the Repairs Fund has been calculated with an inflationary increase of 2.5% and the assumed sale of 15 Council houses (see Appendix B). There has been a small increase in the reallocation of Financial Services time and other central support costs. The overall cost has been partially offset by the removal of the one off supplementary estimate of £38,000 in 2014/15 and the reversal of some of the increase in costs from the Housing Maintenance section.

6.4 Management Services £36,520

6.4.1 The increase on Flats and Communal Centres is mainly due to an increase in the recharge from the Grounds Maintenance DSO to reflect a more accurate recharge for works undertaken. The remainder relates to inflationary allowances made to budgets.

6.5 Contributions to Capital £579,010

6.5.1 There is an increase in the funding set aside to cover capital spending in 2015/16 to match the business plan. The majority of the increase relates to vehicle replacements of £298,960. In addition budget provision for the New Build capital programme has increased for inflation of £32,860.

6.5.2 A decrease of £247,190 in the Allowable Debt from receipts to spend on building new council houses has been assumed, as we are budgeting to sell a lower level of council houses in 2015/16.

6.6 Debt Management £40,590

6.6.1 An additional £50,000 of borrowing will be repaid in line with the schedule of debt repayments. This is partially offset by a decrease in the interest payable on the debt outstanding, as the debt reduces.

6.7 Service Charges (£25,630)

6.7.1 Due to the issues with the Window cleaning contractor during 2013/14 there were no window cleaning service charges in 2014/15. This will be reinstated from 2015/16 as it is charged for a year in arrears.

6.8 Gross Rents (£250,490)

6.8.1 There is an increase in Council house rental income to reflect the rent increase of CPI plus 1% (2.2% increase).

7 Housing Repairs Fund

7.1 The HRA makes an annual contribution to the Repairs Fund. Part of the contribution is set aside for the day to day maintenance, with the remainder

used for planned maintenance work. The fund covers payments to Housing Direct Works and outside contractors. The majority of the current workload is completed by Housing Direct Works (see Appendix B).

- 7.2 A small balance is usually maintained on the Housing Repairs Fund, which is used to meet fluctuations in the timing of repair work.

8 **Housing Direct Works**

- 8.1 Estimates for Housing Direct Works (HDW) have been prepared for 2015/16, along with the revised position for 2014/15, and these are attached as Appendix C.

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8.2 **Revised Estimate 2014/15**

- 8.2.1 Net controllable expenditure has increased by £59,420. The main change relates to a reduction in capital and facilities maintenance work being undertaken by Housing Direct Works. There has also been an increase in transport maintenance and hiring in costs, while vehicles are being repaired or replaced, and an increase in expenditure on scaffolding. These have been offset by a decrease in the use of materials.

- 8.2.2 There has been a reallocation of departmental costs relating to the Housing Maintenance section between the DSO and the Repairs Fund. In addition there has been a reduction in leasing costs of vehicles as the replacements are being funded through the capital programme.

8.3 **Estimate for 2015/16**

- 8.3.1 The net controllable expenditure has increased by £11,600. This relates to the pay award, a 0.75% increase in superannuation contributions and a full year effect of changes to standby allowances of £20,660. In addition Supplies and Services have increased by an inflationary allowance of £13,990. This has been partially offset by a decreased in transport as the higher level of maintenance costs incurred in 2014/15 are not expected to continue, as well as a reduction in the requirement to hire in vehicles of £22,630.

- 8.3.2 There has been a further reduction of £36,500 in leasing costs of vehicles as the replacements are being funded through the capital programme.

9 **Fees and Charges**

- 9.1 There are limited increases proposed for fees and charges, so that users of facilities are not discouraged. The detailed list of fees and charges is attached as Appendix D to the report.

10 Service Charges

- 10.1 There is a requirement for service charges to be paid by those tenants who actually receive specific services. NWBC make specific charges for window cleaning and cleaning costs of communal areas in blocks of flats. The current and proposed charges are attached in Appendices E and F.
- 10.2 The Council also makes a service charge to the lease holders of flats that have been sold under the Right to Buy legislation. This reflects the actual costs of management and maintenance.

11 Four Year HRA Forecast – 2015/16 to 2018/19

- 11.1 A detailed four year estimate has been developed, to cover the medium term position of the HRA. This is summarised in the table below, with some additional detail given in Appendix G.

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Management and Maintenance	5,184	5,227	5,457	5,569
Interest on borrowing	1,624	1,611	1,593	1,569
Repayment of borrowing	1,300	1,450	1,600	1,700
Capital expend funded by revenue	3,102	3,415	3,338	3,568
New Build	1,114	1,148	1,182	1,218
Total Expenditure	12,324	12,851	13,170	13,624
Income	(12,322)	(12,671)	(12,985)	(13,292)
Interest on Balances	(43)	(42)	(45)	(38)
Total Income	(12,365)	(12,713)	(13,030)	(13,330)
(Surplus)/Deficit on the year	(41)	138	140	294
Balance at 31 March	(1,795)	(1,657)	(1,517)	(1,223)

- 11.2 Whilst the figures show a decreasing level of balances at the end of 2018/19, they are still at a reasonable level. These balances feed into the 30 year business plan detailed in section 12 below of this report.
- 11.3 The figures include an increase in bad debt provision. The sufficiency of the level of provision will depend on the outcomes of the changes expected from the welfare reform in the next couple of years, and the impact of any further increases in uncollectable rent.
- 11.4 There is also a potential requirement for a growth in staffing to deal with any additional workloads resulting from welfare reform and the general collection of rent income.

12 30 Year HRA Business Plan

- 12.1 As management of the housing stock is a long term requirement, a business plan has been put together for 30 years, although expenditure in particular is

difficult to predict so far in advance. This has been updated as part of the estimates process and the revised business plan is attached as Appendix G1.

- 12.2 The expected position on the Housing Revenue Account at the end of the 30 years is a surplus of £59 million. This is after funding capital expenditure of £184 million, with in excess of £48 million of that funding set aside for new build schemes or other improvement schemes. Borrowing of £59 million will also have been repaid.
- 12.3 Surpluses can be used on the provision of new housing or increasing the standard of maintenance on the existing stock. However the expected surplus of £59 million after 30 years is not excessive, given the possible impact of welfare reform on rent collection.
- 12.4 The business plan includes no new build capital budget in 2019/20, but this will not stop the council from building new homes as prudential borrowing is available as a source of funding.

13 Risks to the Business Plan

- 13.1 The expected surplus on the Business Plan is dependent on adherence to the assumptions used in the forecast. Varying these would impact on the achievement of a surplus. The key risks to the budgetary position of the Housing Revenue Account include:
 - A change in interest rates, if funds need to be borrowed.
 - A reduction in the rent levels assumed in the Business Plan, as this could impact significantly on the expected surpluses. More attractive Right to Buy conditions could encourage higher sales.
 - The impact of Benefit changes on the ability to collect rents.
 - An increase in the level of capital spending required on the existing stock, due to unforeseen events. The contingency included within the Business Plan should cover this risk. However any increase in standards would impact on the current business plan.
 - Rising tenant expectations and an ageing stock are likely to continue to increase the demand for repairs. It is likely that this increase could be accommodated within existing budgets.
 - Any reduction in the performance of Housing Direct Works will put pressure on the Council to use external contractors and therefore will impact on the level of expenditure.
 - Asbestos removal is an ongoing cost pressure over the next few years until the full picture of the level of asbestos contained in council houses and the cost of removal is assessed.

... 13.2 A risk analysis of the likelihood and impact of the risks identified above are included in Appendix H.

13.3 Assuming a minimum working balance of £750,000, the Council can continue with services at current levels over the next four years. However, the service will still need to demonstrate value for money.

14 **Conclusions**

14.1 The Housing Revenue Account is in a better financial position than it has been in previous years. Decisions which vary the Business Plan in any significant way will need to be quantified and the impact considered before they are implemented, to ensure the long term sustainability of the Housing Revenue Account.

15 **Report Implications**

15.1 **Finance and Value for Money Implications**

15.1.1 As above.

15.2 **Environment and Sustainability Implications**

15.2.1 Operating in line with the Business Plan will ensure the long term sustainability of the Housing Revenue Account.

15.3 **Equality Implications**

15.3.1 The impact of the Welfare Reforms on Council tenants and income collections has previously been reported to Housing Sub Committee. Work being undertaken will help to inform the Council's understanding of the impacts from the rent restructuring changes and the increases being applied. Monitoring of the impacts will be carried out as any changes are implemented.

15.4 **Risk Management Implications**

15.4.1 There are a number of risks associated with setting a budget, as assumptions are made on levels of inflation and demand for services. To minimise the risks, decisions on these have been taken using past experience and knowledge, informed by current forecasts and trends. However, the risk will be managed through the production of regular budgetary control reports, assessing the impact of any variances and the need for any further action.

The Contact Officer for this report is Nigel Lane (719371).

HOUSING REVENUE ACCOUNT				
Actual	DESCRIPTION	ORIGINAL BUDGET	REVISED BUDGET	ORIGINAL BUDGET
2013/14		2014/15	2014/15	2015/16
		£	£	£
	EXPENDITURE			
25,830	Provision for Bad Debts	175,410	174,620	178,380
	Repairs Fund			
203,956	Departmental Support Services	210,000	257,290	243,340
121,566	Central Support Services	135,530	128,670	136,220
2,632,958	Contribution to Fund	2,796,420	2,797,920	2,732,010
	Management Services			
530,755	General Administration	523,750	594,570	596,140
206,276	Housing Registor & Lettings	207,960	218,300	217,660
253,766	Tenancy & Estate Management	279,710	258,610	260,300
262,401	Rent Collection & Arrears	263,990	307,160	305,390
70,053	Tenant Participation	67,190	65,150	65,900
358,370	Flats & Communal Centres	372,650	357,550	394,070
37,157	Supporting People Service	28,310	33,960	33,470
60	Laundries	5,760	6,030	6,230
14,925	Cesspools and Management of Shops	14,930	14,690	14,760
	Debt Management			
28,954	Capital Charges - Premiums and Discounts	-	-	-
1,640,299	Interest on Loans (as per Business Plan)	1,633,270	1,633,270	1,623,860
1,250,000	Revenue set aside (as per Business Plan)	1,250,000	1,250,000	1,300,000
	Capital			
2,512,901	Capital Spend (as per Business Plan)	2,919,950	2,987,150	3,286,110
1,040,000	Capital Spend - New Build and Reserve	1,081,600	1,081,600	1,114,460
(521,536)	Allowable Debt from Receipts	(200,510)	(430,890)	(183,700)
10,668,691	Gross Expenditure	11,765,920	11,735,650	12,324,600
	INCOME			
36,977	Service Charges - Leaseholders	36,320	25,110	25,110
12,696	Service Charges - Window Cleaning	-	-	25,630
40,545	Service Charges - Cleaning & Caretaking	41,270	41,270	42,430
234,307	Garage Rents	255,730	255,830	255,830
89,899	Shop Rents	85,410	90,600	81,400
44	Interest on Sale of Council Houses	20	10	-
20,722	Interest on Balances	39,870	45,560	43,160
36,370	Pensions reserve	-	-	-
11,021,090	Gross Rents (less voids)	11,693,780	11,641,240	11,891,730
11,492,650	Gross Income	12,152,400	12,099,620	12,365,290
(823,959)	(Surplus)/Deficit for Year	(386,480)	(363,970)	(40,690)
(566,625)	Revenue Fund balance at start of year	(1,246,265)	(1,390,584)	(1,754,554)
(1,390,584)	Revenue Fund balance at end of year	(1,632,745)	(1,754,554)	(1,795,244)
25	Average no. of properties (other)	43	35	49
2,690	Average no. of properties (other)	2,663	2,666	2,646

Appendix B

HOUSING REPAIRS FUND

£

Balance at 1 April 2014	71,619
Contribution 2014/15	3,183,880
Expected Use of Fund - Housing Direct Works	(1,936,270)
Expected Use of Fund - Other Contractors	(861,650)
Expected Use of Fund - Departmental and Central Support	(385,960)
Balance at 1 April 2015	71,619
Contribution 2015/16	3,111,570
Expected Use of Fund - Housing Direct Works	(1,912,430)
Expected Use of Fund - Other Contractors	(819,580)
Expected Use of Fund - Departmental and Central Support	(379,560)
Balance at 1 April 2016	71,619

1500 - 1507 - HOUSING DIRECT WORKS

ACTUAL 2013/14	DESCRIPTION	APPROVED BUDGET 2014/15	REVISED BUDGET 2014/15	ORIGINAL BUDGET 2015/16
882,097	Employee Expenditure	873,110	868,080	888,740
782,975	Supplies & Services	715,330	699,230	713,220
112,800	Transport	95,410	124,220	101,590
(4,532)	Balance Sheet Item	-	-	-
1,773,340	GROSS EXPENDITURE	1,683,850	1,691,530	1,703,550
(43,954)	Recharges to Other Services	(81,890)	(30,150)	(30,570)
1,729,386	NET CONTROLLABLE EXPENDITURE	1,601,960	1,661,380	1,672,980
182,985	Departmental Support	184,760	161,620	163,660
64,147	Central Support Services	77,150	76,770	75,790
39,242	Leasing Charges	41,320	36,500	-
2,015,760	Net Costs to Repairs Fund	1,905,190	1,936,270	1,912,430

NORTH WARWICKSHIRE BOROUGH COUNCIL**HOUSING****FEES AND CHARGES FROM 1 APRIL 2015**

	2014/15	2014/15		2015/16	2015/16	
	TOTAL CHARGE	TOTAL CHARGE	VAT RATING	TOTAL CHARGE	TOTAL CHARGE	VAT RATING
	£	£		£	£	
COMMUNAL CENTRES						
	Voluntary Groups	Private		Voluntary Groups	Private	
Communal Centres						
Use of lounge (per 2 hours)	5.00	10.00	Exempt	5.00	10.00	Exempt
Use of kitchen	1.00	2.00	"	1.00	2.00	"
Purpose Built Community Centres						
Use of lounge (per 2 hours)	7.50	15.00	Exempt	7.50	15.00	Exempt
Use of kitchen	1.50	3.00	"	1.50	3.00	"
Multi-Purpose Centres						
Use of lounge (per 2 hours)	10.00	20.00	Exempt	10.00	20.00	Exempt
Use of kitchen	2.00	4.00	"	2.00	4.00	"
	NET CHARGE	VAT RATING	TOTAL CHARGE 20% VAT	NET CHARGE	VAT RATING	TOTAL CHARGE 20% VAT
	£		£	£		£
GUEST BEDROOMS						
Per night	0.92	Incl. VAT at	1.10	0.92	Incl. VAT at	1.10
Per week	6.18	"	7.40	6.18	"	7.40
ALLOTMENT RENT						
Waverton Avenue, Warton	2.90	Exempt	2.90	3.00	Exempt	3.00
GARAGE PLOTS						
Bracebridge Road, Lister Road & St. George's Road, Atherstone						
NWBC council house tenants	24.20	Exempt	24.20	24.70	Exempt	24.70
Others	24.50	Incl. VAT at Standard Rate	29.40	25.00	Incl. VAT at Standard Rate	30.00
COUNCIL OWNED GARAGES						
NWBC council house tenants	5.58	Exempt	5.58	5.58	Exempt	5.58
Others	5.58	Incl. VAT at Standard Rate	6.70	5.58	Incl. VAT at Standard Rate	6.70

Proposed Cleaning Service Charges per week

Appendix E

Name of Scheme	Cost Per Property	Cost per week (48 wks)	Cost Per Property	Cost per week (48 wks)
	2014/15	2014/15	2015/16	2015/16
	£	£	£	£
Alder Court and Heather Atherstone	85.27	1.78	87.84	1.83
Alexandra Court, Atherstone	85.27	1.78	87.84	1.83
St Benedicts Close, Atherstone	85.27	1.78	87.84	1.83
Welcome Street, Atherstone	85.27	1.78	87.84	1.83
Arden Forest Estate, Ridge Lane	85.27	1.78	87.84	1.83
Church Road/Long Street,Dordon	85.27	1.78	87.84	1.83
Chancery Court, Chapel End	85.27	1.78	87.84	1.83
Gramer Court, Mancetter	85.27	1.78	87.84	1.83
Monument View/Sycamore Ave Polesworth	85.27	1.78	87.84	1.83
Abbey Green Court, Polesworth	85.27	1.78	87.84	1.83
Jubilee Court, Kingsbury	85.27	1.78	87.84	1.83
Drayton Court, Hartshill	85.27	1.78	87.84	1.83
Eastlang Road, Fillongley	85.27	1.78	87.84	1.83
Hudson/Wall Avenue, Coleshill	85.27	1.78	87.84	1.83
Digby Road & Clinton Road, Coleshill	85.27	1.78	87.84	1.83
George Road, Water Orton	85.27	1.78	87.84	1.83
Church Hill Coleshill	85.27	1.78	87.84	1.83
Owen Square Atherstone	85.27	1.78	87.84	1.83

**Proposed Window Cleaning Charges per
Fortnight from April 2015**

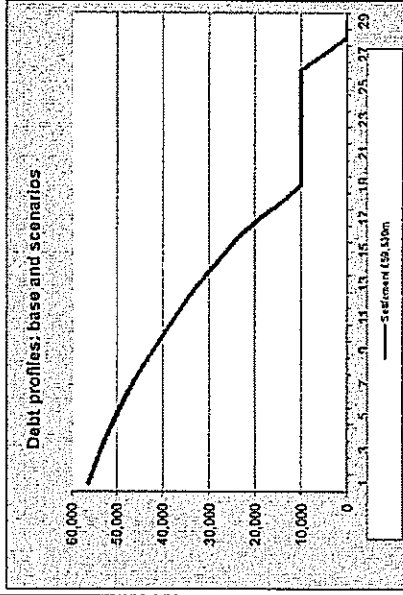
Appendix F

Name of Scheme	Cost Per Property	Cost per Week (48)	Cost Per Property	Cost per Week (48)
	2014/15 £	2014/15 £	2015/16 £	2015/16 £
Alder Court and Heather Atherstone	0.00	0.00	36.00	0.75
Alexandra Court, Atherstone	0.00	0.00	25.44	0.53
Coleshill Road Atherstone	0.00	0.00	33.60	0.70
Long Street Atherstone	0.00	0.00	47.52	0.99
St Benedicts Close, Atherstone	0.00	0.00	27.36	0.57
Welcome Street, Atherstone	0.00	0.00	50.88	1.06
Arden Forest Estate, Ridge Lane	0.00	0.00	28.32	0.59
Church Road, Dordon	0.00	0.00	54.72	1.14
Long Street, Dordon	0.00	0.00	54.24	1.13
St Leonards Close, Dordon	0.00	0.00	37.92	0.79
Chancery Court, Chapel End	0.00	0.00	43.68	0.91
Gramer Court, Mancetter	0.00	0.00	33.12	0.69
Monument View/Sycamore Ave Polesworth	0.00	0.00	49.44	1.03
Abbey Green Court, Polesworth	0.00	0.00	34.08	0.71
Jubilee Court, Kingsbury	0.00	0.00	42.24	0.88
Oldbury View, Hartshill	0.00	0.00	48.00	1.00
Drayton Court, Hartshill	0.00	0.00	32.64	0.68
Eastlang Road, Fillongley	0.00	0.00	46.08	0.96
Hudson/Wall Avenue, Coleshill	0.00	0.00	56.16	1.17
Digby Road, Coleshill	0.00	0.00	56.16	1.17
Clinton Road, Coleshill	0.00	0.00	60.00	1.25
Delves Crescent, Wood End	0.00	0.00	54.24	1.13
George Road, Water Orton	0.00	0.00	59.52	1.24
Church Hill Coleshill	0.00	0.00	57.12	1.19

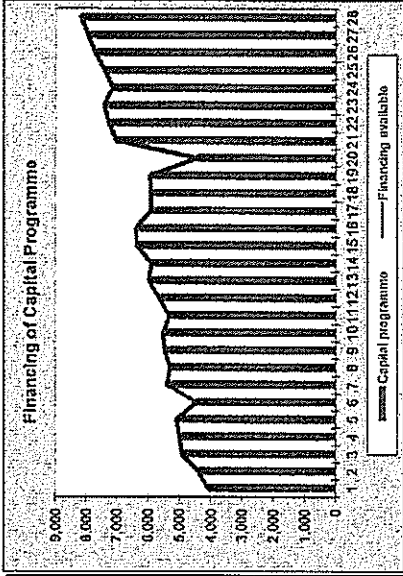
HOUSING REVENUE ACCOUNT				
DESCRIPTION	ORIGINAL BUDGET 2015/16 £	ORIGINAL BUDGET 2016/17 £	ORIGINAL BUDGET 2017/18 £	ORIGINAL BUDGET 2018/19 £
EXPENDITURE				
Provision for Bad Debts	178,380	183,270	313,250	320,210
Repairs Fund				
Departmental Support Services	243,340	239,200	242,540	248,590
Central Support Services	136,220	141,090	144,220	144,260
Contribution to Fund	2,732,010	2,699,480	2,745,570	2,803,660
Management Services				
General Administration	596,140	606,120	620,920	632,170
Housing Registor & Lettings	217,660	222,590	227,720	231,290
Tenancy & Estate Management	260,300	266,410	272,340	278,250
Rent Collection & Arrears	305,390	304,960	310,470	315,090
Tenant Participation	65,900	66,990	68,480	69,760
Flats & Communal Centres	394,070	409,530	419,970	433,690
Supporting People Service	33,470	67,130	68,680	70,340
Laundries	6,230	6,230	6,430	6,430
Cesspools and Management of Shops	14,760	15,210	15,590	15,960
Debt Management				
Interest on Loans (as per Business Plan)	1,623,860	1,610,930	1,593,150	1,568,820
Revenue set aside (as per Business Plan)	1,300,000	1,450,000	1,600,000	1,700,000
Capital				
Capital Spend (as per Business Plan)	3,286,110	3,756,410	3,798,170	3,875,780
Capital Spend - New Build and Reserve	1,114,460	1,147,890	1,182,330	1,217,800
Allowable Debt from Receipts	(183,700)	(181,780)	(180,100)	(178,170)
Use of Major Repairs Reserve	-	(160,000)	(280,000)	(130,000)
Gross Expenditure	12,324,600	12,851,660	13,169,730	13,623,930
INCOME				
Service Charges - Leaseholders	25,110	25,110	25,110	25,110
Service Charges - Window Cleaning	25,630	26,270	26,930	27,600
Service Charges - Cleaning & Caretaking	42,430	43,280	44,150	45,030
Garage Rents	255,830	282,030	282,030	308,330
Shop Rents	81,400	76,750	76,750	76,750
Interest on Sale of Council Houses	-	-	-	-
Interest on Balances	43,160	41,740	44,700	38,360
Pensions reserve				
Gross Rents (less voids)	11,891,730	12,218,150	12,529,910	12,808,410
Gross Income	12,365,290	12,713,330	13,029,580	13,329,590
(Surplus)/Deficit for Year	(40,690)	138,330	140,150	294,340
Revenue Fund balance at start of year	(1,754,554)	(1,795,244)	(1,656,914)	(1,516,764)
Revenue Fund balance at end of year	(1,795,244)	(1,656,914)	(1,516,764)	(1,222,424)
Average no. of properties (other)	49	53	53	53
Average no. of properties (other)	2,646	2,626	2,609	2,594

2.00% CPI/rent inflation from 2014	2.00% GDP/expenditure inflation from 2014
0.00% Additional real Mgt cost inflation to year 10	0.00% Additional real Maint cost inflation to year 30
1.00% Additional real Cap cost inflation to year 30	
Capital / debt sensitivities	
0% MRP annual %age	
Additional set aside from revenue	
YEAR OF SELF FINANCING	
2012:13	
Scenario schedules:	
(1) Scenario: opening debt #/A	Review report - with uplift
(2) RTB receipts to the HRA	Pooling (as per current system) RTB receipts included in Plan, Set at Zero as 0.0% Receipts used for General Fund purposes
(3) Future surplus sharing	Local 100% retain surpluses 100% %age surpluses retained locally 0% %age surpluses paid over nationally
(4) Borrowing controls	Self financed borrowing, locally

Key outputs	£'000s
Debt adjustment	59,539
Opening debt	59,539
Closing debt	0
Peak debt	56,289
Year of peak debt	1
Closing HRA reserve	-59,355



Capital programme outputs	£'000s
Capital programme 30 years	184,094
Total financing 30 years	184,094
Shortfall	0
Total reserve at year 30	59,355



2014/15 2015/16 2016/17 2017/18 2018/19 2019/20 2020/21 2021/22 2022/23

30 year total	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	19	
SELF FINANCING																			
HRA (OPERATING ACCOUNT)																			
-495,322 Rental income	-11,623	-11,803	-12,065	-12,346	-12,644	-12,945	-13,256	-13,574	-13,899	-14,231	-14,570	-14,918	-15,273	-15,635	-16,008	-16,385	-16,726	-17,573	
-13,347 Rental income new props @ target	-160	-234	-302	-371	-441	-511	-581	-651	-721	-791	-861	-931	-1,001	-1,071	-1,141	-1,211	-1,281	-1,351	
6,186 Voids	144	144	144	148	155	163	171	179	187	195	203	211	219	227	235	243	251	259	
-18,704 Other income	-413	-430	-453	-485	-511	-540	-571	-604	-639	-676	-715	-756	-800	-846	-894	-944	-996	-1,050	
-522,187 Gross income	-12,055	-12,323	-12,672	-13,085	-13,562	-14,104	-14,713	-15,297	-15,955	-16,687	-17,494	-18,377	-19,336	-20,381	-21,513	-22,733	-24,042	-25,441	
81,657 Management (incl DMIE)	1,856	1,894	1,965	2,071	2,211	2,387	2,597	2,841	3,119	3,432	3,781	4,166	4,588	5,047	5,544	6,079	6,652	7,264	
119,676 Maintenance	3,112	3,112	3,112	3,132	3,197	3,260	3,325	3,391	3,458	3,527	3,596	3,667	3,740	3,813	3,888	3,965	4,042	4,202	
12,227 Bad debt provision	175	178	183	193	200	209	218	227	236	245	254	263	272	281	290	299	308	317	
213,550 Operating expenditure	5,215	5,184	5,228	5,458	5,693	5,970	6,291	6,657	7,069	7,527	8,032	8,584	9,184	9,832	10,529	11,274	12,068	12,911	
-308,627 Net Cost of Services	-8,840	-7,139	-7,444	-7,529	-7,722	-7,935	-8,153	-8,350	-8,578	-8,785	-9,020	-9,242	-9,486	-9,713	-9,971	-10,209	-10,476	-11,004	
26,719 Interest payments	1,633	1,624	1,611	1,593	1,569	1,539	1,504	1,460	1,408	1,348	1,284	1,218	1,146	1,068	972	881	776	680	
0 Pw/LB Settlement fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
-11,113 Interest received	-45	-43	-42	-45	-38	-77	-77	-63	-52	-44	-45	-49	-54	-52	-50	-48	-42	-40	
-293,021 Net operating expenditure	-5,252	-5,558	-5,875	-5,981	-6,191	-6,473	-6,726	-6,953	-7,224	-7,481	-7,781	-8,073	-8,394	-8,697	-9,049	-9,376	-9,742	-10,564	
57,539 Revenue set aside (debt repayment)	1,250	1,300	1,450	1,600	1,700	1,750	2,000	2,250	2,260	2,350	2,350	2,450	2,600	3,100	2,900	3,250	4,280	3,949	
-4,955 Allowable debt from receipts	-131	-184	-182	-180	-178	-176	-174	-172	-170	-168	-166	-164	-162	-160	-158	-156	-154	-150	
182,473 Direct revenue financing (RCCO fund cap Prog)	4,069	4,400	4,744	4,744	4,962	4,256	5,133	4,896	5,272	5,497	5,310	5,630	5,953	5,874	6,346	6,373	5,896	5,913	
0 Use of surplus in year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
-57,964 In year (surplus)/deficit	-364	-41	137	139	293	-543	233	21	138	198	-287	-157	-3	117	39	91	280	-852	
HRA reserve b/fwd (-ve = Surplus)	-1,391	-1,754	-1,796	-1,659	-1,519	-1,227	-1,870	-1,637	-1,617	-1,479	-1,281	-1,568	-1,726	-1,728	-1,612	-1,572	-1,482	-1,482	
HRA reserve c/fwd (-ve = Surplus)	-1,754	-1,796	-1,659	-1,519	-1,227	-1,870	-1,637	-1,617	-1,479	-1,281	-1,568	-1,726	-1,728	-1,612	-1,572	-1,482	-1,482	-1,482	
CAPITAL PROGRAMME																			
135,937 Expenditure (Cap spend with Inflation)	2,937	3,288	3,756	3,798	3,874	4,456	4,383	4,296	4,473	4,487	4,310	4,332	4,411	4,285	4,710	4,687	4,160	4,071	
48,157 New Build	1,082	1,114	1,148	1,182	1,218	0	1,000	1,000	1,000	1,000	1,000	1,000	1,298	1,542	1,589	1,636	1,336	1,842	
0 Financed by...																			
1,621 Use of MRA Reserve	0	0	160	280	130	200	250	400	201	0	0	0	0	0	0	0	0	0	
0 Use of New Build Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0 RTB receipts and other resources	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
182,473 Direct revenue financing	4,069	4,400	4,744	4,744	4,962	4,256	5,133	4,896	5,272	5,497	5,310	5,630	5,953	5,874	6,346	6,373	5,896	5,913	
0 Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
184,094 Total financing	4,069	4,400	4,744	4,700	4,962	4,256	5,133	4,896	5,272	5,497	5,310	5,630	5,953	5,874	6,346	6,373	5,896	5,913	

ING HRA BUSINESS PLAN January 2015

Inflation sensitivities
CPPIrent inflation from 2014
GDP/expenditure inflation from 2014
Additional real Mgt cost inflation
10
Additional real Maint cost inflation
30
Additional real Cap cost inflation
30
Capital / debt sensitivities
MRP annual %age
Additional set aside from revenue
YEAR OF SELF FINANCING
Scenario schedules
% opening debt
Review report - with uplift
Opening debt
Inputs to the HRA
Pooling (as per current system)
RTB receipts included in Plan Set at Zero as
Receipts used for General Fund purposes
Surplus sharing
Local 100% retain surpluses
%age surpluses retained locally
%age surpluses paid over nationally
100 controls
Self financed borrowing locally

	20	21	22	23	24	25	26	27	28	29	30
SELF FINANCING											
HRA (OPERATING ACCOUNT)											
Rental income	-17,866	-18,408	-18,840	-19,280	-19,731	-20,190	-20,660	-21,140	-21,630	-22,130	-22,641
Rental income new prisms @ target	-489	-514	-529	-545	-561	-578	-595	-613	-632	-651	-670
Volts	185	189	194	198	203	208	213	218	223	228	233
Other income	-660	-707	-700	-734	-738	-764	-766	-793	-796	-821	-825
Gross income	-18,880	-19,440	-19,864	-20,361	-20,827	-21,324	-21,808	-22,328	-22,835	-23,374	-23,903
Management (incl DME)	2,973	3,048	3,124	3,202	3,282	3,364	3,448	3,534	3,623	3,713	3,806
Maintenance	4,264	4,366	4,453	4,538	4,627	4,717	4,808	4,901	4,996	5,092	5,190
Bad debt provision	467	468	476	491	502	514	526	538	551	564	577
Operating expenditure	7,714	7,884	8,056	8,232	8,411	8,595	8,782	8,973	9,170	9,369	9,573
Net Cost of Services	-11,266	-11,556	-11,828	-12,129	-12,416	-12,729	-13,026	-13,355	-13,665	-14,005	-14,330
Interest payments	350	350	350	350	350	350	350	348	173	0	0
PWLB Settlement fee	0	0	0	0	0	0	0	0	0	0	0
Interest received	-154	-326	-468	-618	-783	-963	-1,148	-1,264	-1,313	-1,458	-1,679
Net operating expenditure	-11,070	-11,532	-11,946	-12,397	-12,849	-13,342	-13,824	-14,271	-14,805	-15,463	-16,009
Revenue set aside (debt repayment)	0	0	0	0	0	0	0	5,000	5,000	0	0
Allowable debt from receipts	-148	-146	-144	-142	-140	-138	-136	-134	-132	-130	-128
Direct revenue financing (RCCO fund cap Prog)	4,434	7,019	7,251	7,410	7,109	7,393	7,696	7,926	8,164	7,711	9,237
Use of surplus in year	0	0	0	0	0	0	0	0	0	0	0
In year (surplus)/deficit	-6,784	-4,559	-4,839	-5,129	-5,880	-6,687	-6,264	-1,479	-1,773	-7,882	-6,900
HRA reserve b/fwd (-ve = Surplus)	-1,680	-8,464	-13,123	-17,962	-23,091	-28,971	-35,058	-41,322	-42,800	-44,573	-52,455
HRA reserve c/fwd (-ve = Surplus)	-8,464	-13,123	-17,962	-23,091	-28,971	-35,058	-41,322	-42,800	-44,573	-52,455	-59,355
CAPITAL PROGRAMME											
Expenditure (Cap spend with Inflation)	2,637	5,065	5,238	5,337	4,974	5,194	5,431	5,593	5,761	5,236	6,688
New Build	1,997	1,954	2,013	2,073	2,135	2,199	2,265	2,333	2,403	2,475	2,549
Financed by...											
Use of MRA Reserve	0	0	0	0	0	0	0	0	0	0	0
Use of New Build Reserve	0	0	0	0	0	0	0	0	0	0	0
RTB receipts and other resources	0	0	0	0	0	0	0	0	0	0	0
Direct revenue financing	4,434	7,019	7,251	7,410	7,109	7,393	7,696	7,926	8,164	7,711	9,237
Borrowing	0	0	0	0	0	0	0	0	0	0	0
Total financing	4,434	7,019	7,251	7,410	7,109	7,393	7,696	7,926	8,164	7,711	9,237

Risk Analysis

	Likelihood	Potential impact on Budget
Change in interest rates	Low	Medium
Reduction in rent levels	Low	High
Increase in capital expenditure	Low	Medium
An increase in the demand for repairs	Medium	Medium
Reduction in Housing Direct Works performance	Medium	Medium
Asbestos removal	Medium	Medium